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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**AMENDMENT NO. 5**  
**TO**  
**FORM S-4**  
**REGISTRATION STATEMENT**  
*Under The Securities Act of 1933*

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**CBOT Holdings, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**6231**  
(Primary Standard Industrial  
Classification Code Number)  
**141 West Jackson Boulevard**  
**Chicago, Illinois 60604**  
**(312) 435-3500**

**36-4468986**  
(I.R.S. Employer  
Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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**Carol A. Burke**  
**Executive Vice President and Chief of Staff**  
**CBOT Holdings, Inc. and**  
**Board of Trade of the City of Chicago, Inc.**  
**141 West Jackson Boulevard**  
**Chicago, Illinois 60604**  
**(312) 435-3500**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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*Copies to:*

**John H. Stassen, P.C.**  
**Joseph P. Gromacki**  
**Kirkland & Ellis**  
**200 East Randolph Drive**  
**Chicago, Illinois 60601**  
**(312) 861-2000**

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**Approximate date of commencement of proposed sale to public:** As promptly as practicable after this Registration Statement becomes effective and the satisfaction or waiver of certain other conditions described herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.


If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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**Chicago Board of Trade**  
 BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
 141 WEST JACKSON BOULEVARD  
 CHICAGO, ILLINOIS 60604  
 , 2003

Dear Voting Member:

It is my privilege to present to you this proxy statement and prospectus in connection with a historic membership vote on a proposed restructuring of the Chicago Board of Trade. The “restructuring transactions” that we are proposing for your consideration are the culmination of an extensive evaluation process that evolved through time to recognize not only the benefits of restructuring to improve our competitiveness and structural flexibility but also the importance of preserving our ability to provide member benefits and opportunity.

The restructuring transactions are designed to (1) demutualize our organization by creating a stock, for-profit holding company, CBOT Holdings, Inc., and distributing shares of common stock of CBOT Holdings to our members, while maintaining the CBOT as a nonstock subsidiary of CBOT Holdings; and (2) modernize our corporate governance structure by, among other things, adopting new mechanisms for initiating and voting on stockholder and member proposals, providing for a modest reduction in the size of our board and modifying the nomination and election process for directors as well as the terms of office and qualifications of directors. We believe that the restructuring transactions will better position us to compete in the rapidly changing and consolidating futures industry.

As a result of the restructuring transactions, you will receive a combination of interests consisting of shares of common stock of CBOT Holdings, one of the five series of Class B membership in the CBOT subsidiary that corresponds to the class of CBOT membership that you currently hold, and, if you hold a Full Membership in the CBOT, one Class C membership in the CBOT subsidiary. You will receive your shares of CBOT Holdings common stock as a dividend from the CBOT and, as a result of a merger, your existing membership will be converted into and exchanged for your new membership(s) in the CBOT subsidiary. Pursuant to these transactions, CBOT members will receive an aggregate of 39,802,650 shares of common stock of CBOT Holdings and up to 3,702 combinations of interests, each consisting of common stock of CBOT Holdings and memberships in the CBOT subsidiary. The following table shows what CBOT members will receive in respect of each current CBOT membership:

Class of CBOT Membership	Shares of Common Stock of CBOT Holdings	Class B Memberships in the CBOT Subsidiary	Class C Memberships in the CBOT Subsidiary
Full	25,000	1 Series B-1	1
Associate	5,000	1 Series B-2	—
GIM	2,500	1 Series B-3	—
IDEM	300	1 Series B-4	—
COM	350	1 Series B-5	—

The common stock of CBOT Holdings will represent an equity interest in that company, and will have some traditional features of common stock, including equal per share dividend, voting and liquidation rights. Each series of Class B memberships will represent trading rights and privileges in the demutualized CBOT that correspond to the trading rights and privileges currently associated with that holder’s class of membership in the CBOT. Class C memberships will represent the so-called “exercise right” of Full Members to become a member of the Chicago Board Options Exchange without having to purchase a membership on such exchange. As a result of transfer restrictions applicable to the common stock of CBOT Holdings and the Class B memberships in the CBOT subsidiary, these interests will effectively be “stapled” together for an indefinite period of time. This means that, for the duration of these transfer restrictions, these interests may only be transferred as a combination. The Class C memberships in the CBOT subsidiary will not be subject to restrictions on transfer. However, a holder of a Class C membership must also hold 25,000 shares of common stock of CBOT Holdings as well as one Series B-1, Class B membership in the CBOT subsidiary in order to be eligible to utilize the CBOE exercise right. We do not currently intend to list either the common stock of CBOT Holdings or memberships in the CBOT subsidiary on any stock exchange.

Our Full Members and Associate Members will be entitled to vote on four propositions relating to the restructuring transactions. Full Members will be entitled to one vote for each Full Membership owned and Associate Members will be entitled to one-sixth of one vote for each Associate Membership owned. No other class of membership will be entitled to vote on the restructuring transactions. The restructuring transactions will be approved if Full Members and Associate Members, voting together as a single class based on their respective voting rights, cast at least 300 votes at the special meeting of the Members and each proposition on which members are entitled to vote is approved by the Full Members and Associate Members in accordance with the current certificate of incorporation and bylaws, rules and regulations of the CBOT and applicable law. No members have entered into any arrangement with us to vote in favor of any of these propositions.

**WE URGE YOU TO READ THIS DOCUMENT CAREFULLY, INCLUDING THE SECTION ENTITLED “RISK FACTORS” THAT BEGINS ON PAGE 23.**

**Our board of directors has approved the restructuring transactions and recommends that Full Members and Associate Members vote “FOR” each of the four propositions relating to the restructuring transactions being submitted for your approval.**

Sincerely,  
 /s/ NICKOLAS J. NEUBAUER  
 Nickolas J. Neubauer  
 Chairman of the Board

**Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved these securities, or determined if this proxy statement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

This document is dated \_\_\_\_\_, 2003 and was first mailed, with the form of proxy, to members on or about \_\_\_\_\_, 2003.

**The information contained in this document may change. We may not complete the transactions described in this document, and issue the securities described in this document, until the registration statement is filed with the Securities and Exchange Commission and is declared effective. This document is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**



BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
141 WEST JACKSON BOULEVARD  
CHICAGO, ILLINOIS 60604

NOTICE OF SPECIAL MEETING

To Our Voting Members:

The board of directors of the Board of Trade of the City of Chicago, Inc. has called a special meeting of the membership, to be held at 2:30 p.m., central time, on \_\_\_\_\_, 2003 in the Visitor Center Theater, Fifth Floor, at our offices at 141 West Jackson Boulevard, Chicago, Illinois 60604. The purpose of the meeting is for Full Members and Associate Members of the CBOT to vote on four propositions relating to the restructuring transactions described in this document: (1) the approval and adoption of the agreement and plan of merger relating to the merger of the CBOT with a newly formed, nonstock, for-profit corporation, which will facilitate the demutualization of the CBOT; (2) the approval and adoption of the amended and restated bylaws of the CBOT, which will become the bylaws of the CBOT subsidiary, and a technical amendment to the bylaws of the CBOT clarifying the status of holders of GIM, IDEM and COM membership interests as members of the CBOT for purposes of Delaware corporation law; (3) the ratification of the agreements relating to the exercise right entered into by us and the Chicago Board Options Exchange; and (4) the ratification of all other matters relating to the restructuring transactions, including, among other things, the proposed changes to our corporate governance structure as set forth in a new certificate of incorporation and bylaws for the holding company and the CBOT subsidiary, and in certain changes to the rules and regulations. Collectively, these propositions will facilitate the demutualization and the modernization of our corporate governance structure. **Unless ALL FOUR of these propositions are approved, the restructuring transactions will not have been approved by the members and, accordingly, will not be completed.**

Holders of Full Memberships and Associate Memberships of the CBOT will be entitled to vote on these matters at the special meeting of the membership. Full Members will be entitled to one vote for each Full Membership owned and Associate Members will be entitled to one-sixth of one vote for each Associate Membership owned. No other class of membership will be entitled to vote on the restructuring transactions.

We have enclosed a proxy ballot for your use in voting on the propositions described above and in this document. The special meeting of the membership and related proxy ballot solicitation will be conducted in accordance with our certificate of incorporation, bylaws and rules and regulations and applicable law. In particular, the propositions described in this document are being submitted to a vote of the membership pursuant to Sections 5 and 7 of Exhibit A to our certificate of incorporation.

In connection with the proxy ballot solicitation, please note the following instructions:

- Y Please mark the enclosed proxy ballot with respect to each proposition and provide your signature, printed name and date where indicated, and enclose and seal the completed proxy ballot in the gold envelope addressed to the Secretary of the CBOT. Each proxy ballot must be signed in order to be effective.
- Y Print your name in the upper left-hand corner of the gold envelope and deliver or mail it to the Secretary's Office. Alternatively, you may submit your completed proxy ballot to the Secretary's Office by depositing the proxy ballot in the ballot box located in the fourth floor lobby of our offices between the hours of 8:00 a.m. and 2:15 p.m., central time, on \_\_\_\_\_, 2003.

Proxy ballots that are duly executed and submitted with no voting direction as to a given proposition will be counted for purposes of constituting a quorum but will not be treated as votes cast with respect to such proposition. Proxies that are marked both "FOR" and "AGAINST" a given proposition will not count and will not be treated as votes cast with respect to such proposition. Proxy ballots must be received at the Board of Trade of the City of Chicago, Inc., Office of the Secretary, 141 West Jackson Boulevard, Chicago, Illinois 60604 prior to 2:15 p.m., central time, on \_\_\_\_\_, 2003 in order to be counted.

Returning your completed proxy ballot will not prevent you from voting in person at the special meeting of the membership if you are present and wish to vote. Please note, however, that if you vote by proxy ballot you will not need to attend the special meeting of the membership, or take any further action in connection with the special meeting, because you already will have directed the proxy how you wish to vote with respect to the propositions. You may revoke your proxy ballot any time before the special meeting of the membership by providing written notice to the Secretary or by submission of a later-dated proxy ballot.

**Your board of directors has carefully considered and approved these matters and recommends that Full Members and Associate Members of the CBOT vote "FOR" each of the four propositions relating to the restructuring transactions being submitted for their approval.**

By Order of the Board of Directors,

/s/ PAUL J. DRATHS

Paul J. Draths

*Vice President and Secretary*

\_\_\_\_\_, 2003

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References to “we,” “us” or “our” refer to either the CBOT, in its current form as a nonstock, not-for-profit corporation or in its post-restructuring form as the CBOT subsidiary, a nonstock, for-profit corporation, or CBOT Holdings, the stock, for-profit holding company that will result from the completion of the restructuring transactions described in this document, as the context requires, together with its consolidated subsidiaries.

Project A<sup>®</sup> is a registered trademark of Ceres Trading Limited Partnership. Certain other trademarks used herein are the property of their respective owners.

On January 26, 2001, the CBOT initially filed with the Securities and Exchange Commission a Registration Statement on Form S-4 (Registration No. 333-54370), including a combined proxy statement and prospectus, relating to its proposed restructuring, which was subsequently amended on March 6, 2001, March 26, 2001, April 6, 2001 and May 2, 2001. In addition, the CBOT and its predecessor have filed various communications relating to its proposed restructuring with the Securities and Exchange Commission pursuant to Rule 425 under the Securities Act of 1933, as amended. As a result of certain refinements to its proposed restructuring that result in CBOT Holdings being the issuer of securities in the restructuring, the CBOT has withdrawn its Registration Statement on Form S-4 as of October 24, 2001 and caused CBOT Holdings to file a Registration Statement on Form S-4 (Registration No. 333-72184), of which this document forms a part, relating to the restructuring transactions, as described in this document. All communications relating to the restructuring transactions described in this document and previously filed with the Securities and Exchange Commission by the CBOT and its predecessor pursuant to Rule 425 under the Securities Act of 1933, as amended, shall be deemed to refer to the restructuring transactions described in this document.

**You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may be used only where it is legal to issue these securities and solicit a proxy in connection with the propositions relating to the restructuring transactions. The information contained in this document is accurate only as of the date of this document, regardless of the date of delivery of this document or of the sale of any securities.**

**This is not an offer to sell, and it is not a solicitation of offers to buy the securities offered by this document in any jurisdiction where offers and sales are not permitted under the laws of such jurisdiction. In addition, this is not a solicitation of a vote to approve the restructuring transactions or any other matter in any jurisdiction where such a solicitation is not permitted under the laws of such jurisdiction.**

**Until 90 days following the date on which these securities are issued, all dealers that effect transactions in these securities, whether or not participating in this transaction, may be required to deliver a prospectus. This is in addition to any dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.**

## SUMMARY

*In this summary, we highlight selected information which we describe in greater detail elsewhere in this document. This summary does not contain all of the information contained in this document which you should consider before voting on the propositions relating to the restructuring transactions and may not contain all of the information that is important to your individual situation. Consequently, you should read this entire document very carefully before voting on the propositions relating to the restructuring transactions.*

### Overview of the Restructuring Transactions (See page 40)

Pursuant to this document, we are asking our Full Members and Associate Members to vote on matters relating to an important restructuring of our organization. We are also sending this document to our other members for their information because it contains important information regarding this proposed restructuring.

As a result of evolving changes in the futures industry, principally the increasing importance of electronic trading, we have over the last several years conducted an ongoing and extensive evaluation process with respect to the structure of our organization and our competitiveness in the futures industry. As a result of this evaluation process, we have determined that we should restructure our organization in order to enhance our competitiveness.

We have developed, and are proposing for approval by our Full Members and Associate Members, a series of transactions designed to restructure the CBOT. These “restructuring transactions” are designed to:

- “demutualize” our organization by creating a stock, for-profit holding company, which we refer to as “CBOT Holdings,” and distributing shares of common stock of CBOT Holdings to our members, while maintaining the CBOT as a nonstock, for-profit subsidiary of CBOT Holdings, which we refer to as the “CBOT subsidiary;” and
- modernize our corporate governance structure by, among other things, adopting new mechanisms for initiating and voting on stockholder and member proposals, providing for a modest reduction in the size of our board and modifying the nomination and election process for directors as well as the terms of office and qualifications of directors.

We believe that the completion of the restructuring transactions and demutualization of our exchange will provide us with an opportunity to enhance our competitiveness within the futures industry, including within both the open outcry and electronic trading markets, while preserving our ability to provide member benefits and opportunity. As a demutualized exchange, we plan to adopt a for-profit approach to our business, with a view towards optimizing volume, efficiency and liquidity in the markets we provide, which is intended to maximize the value of our business and provide member benefits and opportunity. In particular, we expect that the proposed changes to our corporate governance structure will increase our ability to respond more efficiently to changes within the industry, markets and the regulations that govern us. Also, as and to the extent that we expand our business in the future, we believe that our proposed holding company structure will enable us to segregate more easily our different lines of business into separate subsidiaries, which we believe could provide greater flexibility in administration and allow these entities to focus more effectively on particular markets, products or services. Finally, our transformation to a for-profit enterprise will provide us with the ability to distribute profits from the operation of our business to our stockholders as permitted by applicable law.

### Our Business (see page 96)

Founded in 1848, we are one of the world’s leading exchanges for the trading of futures and options on futures contracts (based on the total volume of contracts traded). According to industry data provided by the Futures Industry Association, through September 30, 2002, about 6% of the global listed futures, options on futures and equity index market was traded on our markets and we ranked fifth worldwide among futures

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exchanges in volume of contracts traded for the first nine months of 2002, transacting about 46% of the global listed agricultural futures and options contracts, e.g., wheat, corn, soybeans, and about 18% of the global listed financial futures and options contracts, e.g., U.S. Treasury bonds and notes.

Our products trade both electronically and on traditional open outcry auction markets on our trading floors in Chicago, where members trade among themselves for their own accounts and for the accounts of their customers. Through Ceres Trading Limited Partnership, which we refer to as "Ceres," we currently offer electronic trading on the a/c/e system, which is based on a modified form of the technology used at Eurex, the largest derivatives exchange in the world. Electronic Chicago Board of Trade, Inc., which we refer to as "eCBOT," a wholly owned subsidiary of the CBOT, is the general partner of Ceres. For the year ended December 31, 2002, open outcry trading represented about 62% of our total contract volume traded with electronic trading representing about 38% of our total contract volume traded.

We do not believe that the implementation of the restructuring transactions will cause any interruption to the day-to-day operation of our businesses, including our electronic trading business. After the completion of the restructuring transactions, we expect that CBOT Holdings and the CBOT subsidiary will continue to conduct the electronic trading business through Ceres until such time as our current contractual arrangements with Deutsche Börse AG, the Swiss Stock Exchange and certain of their affiliates, including Deutsche Börse Systems AG, Eurex Zürich AG and Eurex Frankfurt AG, which we collectively refer to as the Eurex Group, are terminated, which we currently expect to occur in December 2003. We currently anticipate that, at such time, Ceres will be liquidated and its assets distributed to its partners in accordance with the terms of the Ceres limited partnership agreement, and CBOT Holdings and the CBOT subsidiary will thereafter conduct their electronic trading business through the CBOT subsidiary, eCBOT or another affiliate. As a result of the liquidation of Ceres, the holders of memberships in the CBOT subsidiary will no longer participate in the electronic trading business of the CBOT as limited partners of Ceres, but rather as stockholders of CBOT Holdings.

We also engage in market surveillance and financial supervision activities designed to ensure market integrity and provide financial safeguards for users of our markets. Further, we market and distribute real-time and historical market data generated from trading activity in our markets to users of our products and related cash and derivative markets.

The principal executive offices of CBOT Holdings and the CBOT are located at 141 West Jackson Boulevard, Chicago, Illinois 60604, and our telephone number is (312) 435-3500.

### **Recent Developments**

In January 2003, our board of directors selected LIFFE Administration and Markets, which we refer to as "LIFFE," to become the supplier of the CBOT's electronic trading system upon the termination of our current arrangements with the Eurex Group. On January 10, 2003, the CBOT entered into a software license agreement with LIFFE for use of the LIFFE CONNECT™ software system, and we expect to enter into other agreements with LIFFE during the first half of 2003 with respect to the implementation and operation of the system.

### **What Our Members Will Receive in the Restructuring Transactions** (See page 134)

In connection with the restructuring transactions, each member of the CBOT will receive in respect of their current CBOT membership a combination of interests in two different companies, consisting of:

- common stock of CBOT Holdings, the new holding company;
- one of the five series of Class B membership in the CBOT subsidiary that corresponds to the class of CBOT membership currently held; and
- if a Full Member of the CBOT, one Class C membership in the CBOT subsidiary.

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As a result of the transfer restrictions applicable to the common stock of CBOT Holdings and the Class B memberships in the CBOT subsidiary, these interests will effectively be “stapled” together for an indefinite period of time. This means that, for the duration of these transfer restrictions, these interests may only be transferred as a combination. We will describe these interests, as well as the applicable transfer restrictions, in greater detail below.

### *Common Stock of CBOT Holdings* (See page 134)

Each member of the CBOT will receive shares of common stock of CBOT Holdings as part of the restructuring transactions. The number of shares of common stock to be received by each member will be determined based upon the allocation methodology developed and recommended by an independent committee of our board of directors, the Independent Allocation Committee, and approved by our board of directors.

The common stock of CBOT Holdings will represent an equity interest in that company and will have some traditional features of common stock, including dividend, voting and liquidation rights. In particular, the common stock of CBOT Holdings will provide the holder with the right to receive dividends as determined by the CBOT Holdings board of directors and the right to share in the proceeds of liquidation, in each case ratably on the basis of the number of shares held. You should understand, however, that it is not currently anticipated that CBOT Holdings will pay dividends on its common stock in the immediate future.

The holders of common stock of CBOT Holdings will have the right to vote on all matters upon which stockholders of CBOT Holdings will be entitled to vote generally, including, among other things, the election of directors to the board of directors of CBOT Holdings. In addition, the holders of common stock of CBOT Holdings will have the right to vote on any proposal for a transaction (or series of related transactions) either involving the sale of a significant amount of CBOT Holdings’ assets to a third party or in which CBOT Holdings proposes to acquire, invest in or enter into a business in competition with the CBOT subsidiary’s then existing business. Further, it will require the consent of the common stockholders of CBOT Holdings for CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, to vote in favor of any of the following proposals:

- any merger of the CBOT subsidiary with a third party;
- any transaction (or series of related transactions) involving the sale of a significant amount of the CBOT subsidiary’s assets to a third party;
- any transaction (or series of related transactions) in which the CBOT subsidiary proposes to acquire, invest in or enter into a business in competition with the CBOT subsidiary’s then existing business;
- any removal or reduction of the transfer restrictions applicable to the Class A membership or the Class B memberships in the CBOT subsidiary; or
- any dissolution or liquidation of the CBOT subsidiary.

The following table shows the number of shares of common stock of CBOT Holdings to be received by our members in respect of each current CBOT membership and each current class of CBOT membership. In addition, the table shows the relative voting power of the holders of the common stock of CBOT Holdings by class of current CBOT membership immediately following the completion of the restructuring transactions.



**Shares of Common Stock of CBOT Holdings  
to be Received for each Current CBOT Membership, each Class of Current CBOT Membership  
and the Relative Voting Power by each Class of Current CBOT Membership**

Current Class of CBOT Membership	Number of Current Members (as of January 22, 2003)	Shares of Common Stock to be Received for each Current CBOT Membership	Shares of Common Stock to be Received by each Current Class of CBOT Membership	Relative Voting Power by each Current Class of CBOT Membership
Full	1,402	25,000	35,050,000	88.06%
Associate	793	5,000	3,965,000	9.96%
GIM	148	2,500	370,000	0.93%
IDEM	642	300	192,600	0.48%
COM	643	350	225,050	0.57%
<b>Total</b>	<b>3,628</b>		<b>39,802,650</b>	<b>100.00%</b>

For purposes of the restructuring transactions, each holder of a one-half Associate Membership will be treated as a GIM. This means that, if you hold a one-half Associate Membership, you will receive what the table above indicates will be received by a GIM. Immediately following the completion of the restructuring transactions, our members will be the only common stockholders of CBOT Holdings.

Immediately following the completion of the restructuring transactions, all of the authorized shares of capital stock of CBOT Holdings will be issued and outstanding. As a result, without further action by the board of directors and common stockholders of CBOT Holdings to approve an appropriate amendment to the certificate of incorporation of CBOT Holdings to increase the amount of authorized capital stock of CBOT Holdings, no additional shares of capital stock of CBOT Holdings can be issued. This means that CBOT Holdings will not be able to engage in capital-raising activities involving the issuance of additional capital stock without the approval of the board of directors and a majority of the voting power of the stockholders of CBOT Holdings, which could represent a significant limitation on the ability of CBOT Holdings to raise capital in the future.

*Memberships in the CBOT Subsidiary (See page 140)*

In connection with the restructuring transactions, each CBOT member will also receive a Class B membership in the CBOT subsidiary. There will be five series of Class B membership issued to our members, with each series corresponding to one of the five current classes of CBOT membership. The Class B membership will represent trading rights and privileges in the exchange operated by the CBOT subsidiary. With respect to each series of Class B membership, the trading rights and privileges will be substantially identical to those currently associated with the corresponding class of CBOT membership.

The Class B memberships will not entitle the holders to the right to receive any distributions, dividends or proceeds upon liquidation from the CBOT subsidiary. The holders of Series B-1 and Series B-2, Class B memberships will have the exclusive right among members to vote on any proposed amendment to the certificate of incorporation and bylaws (including the rules and regulations) of the CBOT subsidiary that would adversely affect the following rights relating to the trading rights and privileges associated with the Class B memberships, which we refer to as the “core rights”:

- the allocation of products that a holder of a specific series of Class B membership is permitted to trade on the exchange facilities of the CBOT subsidiary, e.g., the elimination of any product from a holder’s trading rights and privileges;
- the requirement that, subject to certain limited exceptions agreed to by the CBOT and CBOE, holders of Class B memberships in the CBOT subsidiary will be charged transaction fees for trades of the CBOT subsidiary’s products for their accounts that are lower than the transaction fees charged to any participant who is not a holder of a Class B membership for the same products;

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- the number of authorized classes or series of memberships, or number of memberships, in the CBOT subsidiary (it being understood that any change to the number of classes or series of memberships, or the number of memberships, shall be deemed to adversely affect such right);
- the membership and eligibility requirements to become a holder of a Class B membership in the CBOT subsidiary or to exercise the associated trading rights or privileges; and
- the commitment to maintain current open outcry markets so long as each such market is deemed liquid unless the discontinuance of any such market is approved by the holders of the Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary.

The holders of the Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary will have the exclusive right among members to initiate and vote on, without the approval of the board of directors, proposals to adopt, repeal or amend the bylaws. They can also make non-binding recommendations that the board of directors consider proposals that, as a matter of Delaware law, require the approval of the board of directors of the CBOT subsidiary. On all such matters, each holder of a Series B-1, Class B membership will be entitled to one vote per membership and each holder of a Series B-2, Class B membership will be entitled to one-sixth of one vote per membership. The holders of Series B-3, Series B-4 and Series B-5, Class B memberships in the CBOT subsidiary will not have any voting rights with respect to the CBOT subsidiary. These voting rights are based on the voting rights (or lack thereof) currently associated with our membership classes.

In addition, each Full Member of the CBOT will receive a Class C membership in the CBOT subsidiary. This Class C membership will, subject to satisfaction of certain requirements, represent the right to become a member of the Chicago Board Options Exchange, or “CBOE,” without having to purchase a membership in that exchange. We sometimes refer to this right as the “exercise right.” The exercise right is set forth in the certificate of incorporation of the CBOE and is currently held by each Full Member of the CBOT. The Class C memberships will not entitle the holders to the right to receive any distributions, dividends or proceeds upon liquidation from the CBOT subsidiary. Further, the holders of Class C memberships in the CBOT subsidiary will not have any voting rights with respect to the CBOT subsidiary. In other words, the exercise right will be the only right associated with the Class C membership in the CBOT subsidiary.

The following table shows the number and type of Class B membership to be received in respect of each current CBOT membership and each current class of CBOT membership. In addition, the table shows the relative voting power of the holders of the Class B memberships in the CBOT subsidiary, by class of CBOT membership, immediately following the completion of the restructuring transactions on those matters on which Class B memberships in the CBOT subsidiary are entitled to vote.

**Class B Memberships in the CBOT Subsidiary  
to be Received for each Current CBOT Membership, each Class of Current CBOT Membership  
and the Relative Voting Power by each Class of Current CBOT Membership**

Current Class of CBOT Membership	Number of Current Members (as of January 22, 2003)	Number and Series of Class B Membership to be Received for each Current CBOT Membership	Number and Series of Class B Membership to be Received by each Current Class of CBOT Membership	Relative Voting Power by each Current Class of CBOT Membership
Full	1,402	1 Series B-1	1,402 Series B-1	91.39%
Associate	793	1 Series B-2	793 Series B-2	8.61%
GIM	148	1 Series B-3	148 Series B-3	0.00%
IDEM	642	1 Series B-4	642 Series B-4	0.00%
COM	643	1 Series B-5	643 Series B-5	0.00%
<b>Total</b>	<b>3,628</b>			<b>100.00%</b>

In addition, as noted above, each of the 1,402 Full Members of the CBOT will receive one Class C membership in the CBOT subsidiary.

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*Transfer Restrictions.* The common stock of CBOT Holdings and the Class B memberships in the CBOT subsidiary will be subject to certain restrictions on transfer which have the effect of stapling these interests together so that they can only be transferred as a combination of interests for the duration of such restrictions. We will describe these transfer restrictions in greater detail below.

Holders of common stock of CBOT Holdings may transfer all, but not less than all, of their shares of common stock if all such shares are transferred together with the Class B membership associated with such shares. For example, if you are a Full Member of the CBOT, you will receive as part of the restructuring transactions 25,000 shares of common stock of CBOT Holdings, one Series B-1, Class B membership in the CBOT subsidiary and one Class C membership in the CBOT subsidiary. As a result of the transfer restrictions, you will only be able to transfer your common stock of CBOT Holdings if you transfer all 25,000 shares of your common stock of CBOT Holdings together with your Series B-1, Class B membership in the CBOT subsidiary. Otherwise, the shares of common stock of CBOT Holdings will be subject to a complete restriction on transfer as described in greater detail elsewhere in this document. This restriction on transfer may be removed or reduced only with the approval of the board of directors and common stockholders of CBOT Holdings or, with respect to a specific transaction and stockholder, by the board of directors. We do not currently intend to remove or reduce the transfer restrictions with respect to any specific transaction.

Holders of Class B memberships in the CBOT subsidiary may transfer a Class B membership if such Class B membership is transferred together with the shares of common stock of CBOT Holdings associated with such Class B membership. For example, if you are an Associate Member of the CBOT, you will receive as part of the restructuring transactions 5,000 shares of common stock of CBOT Holdings and one Series B-2, Class B membership in the CBOT subsidiary. As a result of the transfer restrictions, you will only be able to transfer your Series B-2, Class B membership in the CBOT subsidiary if you transfer all 5,000 shares of your common stock together with your Series B-2, Class B membership in the CBOT subsidiary. Otherwise, the Class B memberships in the CBOT subsidiary will be subject to a complete restriction on transfer as described in greater detail elsewhere in this document. This restriction on transfer may be removed or reduced with the approval of the board of directors of the CBOT subsidiary and CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary. However, as described in greater detail elsewhere in this document, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) in order for CBOT Holdings to vote in favor of removing or reducing this restriction on transfer. In addition, this restriction on transfer may be removed or reduced with respect to a specific transaction and member by the board of directors of the CBOT subsidiary. We do not currently intend to remove or reduce the transfer restrictions with respect to any specific transaction.

Because the restrictions on transfer on the common stock of CBOT Holdings and the Class B memberships in the CBOT subsidiary are in effect reciprocal and imposed pursuant to the certificates of incorporation of both entities, we expect that no amendment to either certificate of incorporation would be made unless amendments to both certificates of incorporation would be made.

The Class C memberships in the CBOT subsidiary will not be subject to any transfer restrictions. However, pursuant to our agreements with the CBOE relating to the exercise right, a holder of a Class C membership seeking to utilize the exercise right to become a member of the CBOE without having to purchase a membership in such exchange must hold 25,000 shares of common stock of CBOT Holdings and one Series B-1, Class B membership in the CBOT subsidiary, along with such Class C membership, in each case subject to certain anti-dilution adjustments. Accordingly, if you are a Full Member of the CBOT, you should give careful consideration to this requirement before either transferring your common stock of CBOT Holdings and Series B-1, Class B membership without your Class C membership in the CBOT subsidiary or transferring your Class C membership in the CBOT subsidiary without your common stock of CBOT Holdings and Series B-1, Class B membership in the CBOT subsidiary.

**Description of the Restructuring Transactions** (See pages 53 and 134)

The restructuring transactions consist of a series of transactions designed to demutualize our organization and to modernize our corporate governance structure. We will describe the restructuring transactions in greater detail below.

*The Demutualization of the CBOT*

We will demutualize our organization by establishing a stock, for-profit holding company which will become the parent company of the CBOT. As a result, the CBOT, which will continue to operate the exchange, will exist as a subsidiary of the holding company. This is why we sometimes refer to the CBOT, after the completion of the restructuring transactions, as the “CBOT subsidiary.” After the demutualization, our members will hold interests in both companies: shares of common stock of the holding company and memberships of various classes and series in the subsidiary. However, transfer restrictions will apply to some of these interests and will have the effect of creating combinations of interests. In addition, after the demutualization, the holding company will hold a special interest in the subsidiary, which will entitle the holding company to the right to all dividends, distributions and proceeds upon liquidation from the subsidiary. As a result, any dividends or other distributions would be paid to you in respect of your common stock of CBOT Holdings and not in respect of your membership in the CBOT subsidiary.

The demutualization will be accomplished in two separate steps:

- a dividend to distribute shares of common stock to our members; and
- a merger to convert our members’ existing memberships into new memberships.

*The Dividend.* In order to implement the restructuring transactions, the CBOT board of directors will declare a dividend to the CBOT members consisting of shares of common stock of CBOT Holdings then held by the CBOT. This dividend, which will not be paid until immediately following the effectiveness of the merger described below, will have the effect of distributing all of the outstanding shares of CBOT Holdings common stock to our members. The dividend will specify the exact number of shares of common stock of CBOT Holdings to be distributed to each CBOT member in connection with the restructuring transactions, based on the allocation methodology approved by the CBOT board of directors as described in greater detail elsewhere in this document.

Currently, the CBOT holds all of the outstanding shares of common stock of CBOT Holdings. Prior to the completion of the restructuring transactions, these shares will be reclassified into the 39,802,650 shares which will be distributed to our members pursuant to the dividend described above. As a result of the payment of this dividend, each of our members will receive the appropriate number of shares of common stock of CBOT Holdings pursuant to the board-approved allocation methodology in connection with the restructuring transactions.

*The Reorganization Merger.* After the declaration of the dividend by the CBOT board of directors, but before such dividend is paid, a newly formed, nonstock, for-profit indirect subsidiary of the CBOT will merge with and into the CBOT, with the CBOT being the surviving entity. We sometimes refer to this merger as the “reorganization merger.” Upon the completion of the reorganization merger, the CBOT will become a nonstock, for-profit corporation and a subsidiary of CBOT Holdings. Pursuant to the reorganization merger, each current CBOT membership will be converted into and exchanged for a Class B membership of the applicable series and, if applicable, a Class C membership.

Also, as a result of the reorganization merger, CBOT Holdings will become the holder of the sole Class A membership in the CBOT subsidiary. Currently, CBOT Holdings holds the sole membership in the subsidiary which will merge into the CBOT pursuant to the reorganization merger as described above. We sometimes refer to this subsidiary as the “CBOT merger sub.” Pursuant to the reorganization merger, this membership will be converted into and exchanged for the sole Class A membership in the CBOT subsidiary. This Class A membership will entitle CBOT Holdings to the exclusive right to receive all distributions, dividends and proceeds upon liquidation from the CBOT subsidiary. The Class A membership held by CBOT Holdings may not

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be transferred by CBOT Holdings without an amendment to the certificate of incorporation of the CBOT subsidiary, which will require the approval of the board of directors of the CBOT subsidiary and the approval of CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary. Moreover, as described in greater detail elsewhere in this document, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) in order for CBOT Holdings to vote in favor of an amendment to remove or reduce this restriction on transfer.

CBOT Holdings, as the holder of the sole Class A membership, will have the right to vote on all matters upon which the members of the CBOT subsidiary will be entitled to vote generally. However, as described above, the holders of Series B-1 and Series B-2, Class B memberships will have the exclusive right among members (including the Class A member) to initiate and vote on amendments to the bylaws of the CBOT subsidiary and to vote on any proposed amendment to the certificate of incorporation or bylaws of the CBOT subsidiary that would adversely affect the core rights. In addition, CBOT Holdings, as the holder of the sole Class A membership, will have the right to vote on any proposal to merge the CBOT subsidiary with a third party, to sell a significant amount of the CBOT subsidiary's assets to a third party, to cause the CBOT subsidiary to acquire, invest in or enter into a business in competition with the then existing business of the CBOT subsidiary, to remove or reduce the transfer restrictions applicable to the Class A membership or the Class B memberships in the CBOT subsidiary or to dissolve or liquidate the CBOT subsidiary. However, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) for CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, to vote in favor of any such proposal.

### *Modernization of Our Current Corporate Governance Structure (See pages 58 and 145)*

In connection with the restructuring transactions, we will change certain aspects of our corporate governance structure. These changes will be implemented as a result of the new holding company structure and the adoption of a new certificate of incorporation and bylaws for CBOT Holdings and a new certificate of incorporation, bylaws, rules and regulations for the CBOT subsidiary. These changes are designed to modernize our corporate governance structure by:

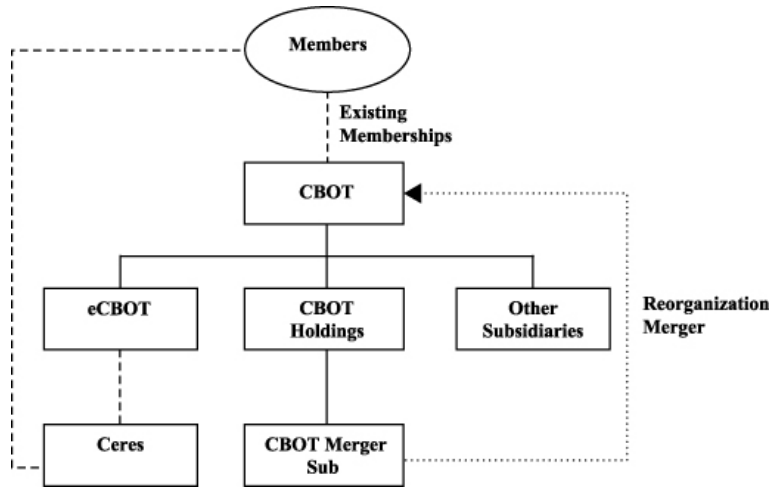
- adopting new mechanisms for initiating and voting on stockholder and member proposals;
- providing for a modest reduction in the size of our board of directors; and
- modifying the nomination and election process for our directors as well as the terms of office and qualifications of our directors.

Because you will receive interests in both CBOT Holdings and the CBOT subsidiary as a result of the completion of the restructuring transactions, you will have different rights and obligations in these two separate, but affiliated organizations based on the applicable corporate governance documents. Upon the completion of the restructuring transactions, you will be a stockholder of CBOT Holdings and a member of the CBOT subsidiary. Your rights as a stockholder of CBOT Holdings will generally resemble those of a stockholder of a public company, and your rights as a member of the CBOT subsidiary will more closely resemble your current rights as CBOT members. However, as described in greater detail elsewhere in this document, there will be changes to your rights and obligations as a result of the changes to certain aspects of our corporate governance structure. Generally speaking, as a result of these changes, the ability of the stockholders of CBOT Holdings and the members of the CBOT subsidiary to participate in the day-to-day management and operations of our business will be somewhat reduced. However, certain important rights relating to the trading rights and privileges associated with Class B membership in the CBOT subsidiary will be reserved for the holders of Series B-1 and Series B-2, Class B memberships, as described in greater detail elsewhere in this document.

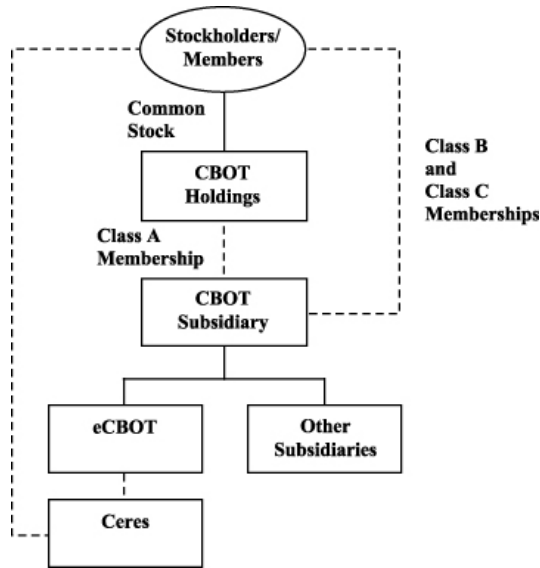
### **Our Structure Before and After the Restructuring Transactions**

In order to help you to understand the restructuring transactions and how they will affect our corporate organizational structure, the following charts show, in simplified form, the structure of our company before and after the completion of the restructuring transactions as well as the reorganization merger described above:

*BEFORE THE RESTRUCTURING TRANSACTIONS*



*AFTER THE RESTRUCTURING TRANSACTIONS*



**Summary Comparison of Rights Before and After the Restructuring Transactions** (See page 145)

As a result of the completion of the restructuring transactions, you will become stockholders in a Delaware stock, for-profit holding company (CBOT Holdings) and members of a Delaware nonstock, for-profit corporation that will be a subsidiary of the holding company (the CBOT subsidiary), and you will no longer be members of a Delaware nonstock, not-for-profit corporation (the CBOT as it currently exists). Thus, you will hold interests in two companies rather than one and you will have different rights and obligations with respect to each of these companies. **You should consider carefully the differences in your rights and obligations that will result from these changes in our corporate governance structure before voting on the propositions relating to the restructuring transactions.**

Some of these differences arise from differences between the corporation law applicable to the different types of organizations, such as for-profit vs. not-for-profit corporations and nonstock vs. stock corporations. Other differences arise from choices that we have made in designing the certificates of incorporation and bylaws of CBOT Holdings and the CBOT subsidiary. We will briefly summarize below some of the more important differences in your rights and obligations that will result from the completion of the restructuring transactions.

Rights	Before the Restructuring Transactions	After the Restructuring Transactions
<i>Voting Rights</i>	<i>CBOT:</i> <ul style="list-style-type: none"><li>• Full Members and Associate Members have the right to vote on all matters submitted to a vote of the general membership.</li><li>• Each Full Member is entitled to one vote per Full Membership, and each Associate Member is entitled to one-sixth of one vote per Associate Membership.</li></ul>	<i>CBOT Holdings:</i> <ul style="list-style-type: none"><li>• The holders of common stock of CBOT Holdings will have the right to vote on all matters upon which the stockholders of CBOT Holdings will be entitled to vote generally. Each share of common stock of CBOT Holdings will be entitled to one vote per share.</li><li>• The holders of common stock of CBOT Holdings will also have the right to vote on any proposal that CBOT Holdings sell a significant amount of its assets to a third party or acquire, invest in or enter into a business in competition with the CBOT subsidiary's then existing business. Further, it will require the consent of the common stockholders of CBOT Holdings for CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, to vote in favor of any proposal to merge the CBOT subsidiary with a third party, to sell a significant amount of the CBOT subsidiary's assets to a third party, to cause the CBOT subsidiary to acquire, invest in or enter into a business in competition with the then existing business of the CBOT subsidiary, to remove or reduce the transfer restrictions applicable to the Class A membership or the Class B memberships in the CBOT subsidiary or to dissolve or liquidate the CBOT subsidiary.</li></ul> <i>CBOT Subsidiary:</i> <ul style="list-style-type: none"><li>• CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, will have the</li></ul>

Rights	Before the Restructuring Transactions	After the Restructuring Transactions
<i>Special Meetings</i>	<p><i>CBOT:</i></p> <ul style="list-style-type: none"><li>• Full and Associate Members are entitled to propose amendments to the bylaws, including the rules. Twenty-five or more voting members have the right to petition for the board of directors' approval to call a special meeting of the members for the purpose of voting on amendments to the</li></ul>	<p>right to vote on all matters upon which the members of the CBOT subsidiary will be entitled to vote generally. In addition, CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, will have the right to vote on any proposal to merge the CBOT subsidiary with a third party, to sell a significant amount of the CBOT subsidiary's assets to a third party, to cause the CBOT subsidiary to acquire, invest in or enter into a business in competition with the then existing business of the CBOT subsidiary, to remove or reduce the transfer restrictions applicable to the Class A memberships or the Class B memberships in the CBOT subsidiary or to dissolve or liquidate the CBOT subsidiary.</p> <ul style="list-style-type: none"><li>• The holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary will have the exclusive right among members to vote on any proposed amendment to the certificate of incorporation or bylaws of the CBOT subsidiary that would adversely affect the core rights.</li><li>• The holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary also will have the exclusive right among members to initiate and vote on proposals to adopt, repeal or amend the bylaws and make non-binding recommendations to the board of directors.</li><li>• The holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary will have one vote per membership and one-sixth of one vote per membership, respectively, on any matter on which they are entitled to vote.</li></ul> <p><i>CBOT Holdings:</i></p> <ul style="list-style-type: none"><li>• CBOT Holdings will be required to call a special meeting of the stockholders for the purpose of amending the bylaws of CBOT Holdings or to vote on other proposals upon the written request of at least 10% of the voting power (or 3,980,265 shares) of the stockholders of CBOT Holdings. Because each Full Member will receive 25,000 shares of common stock of CBOT Holdings in the restructuring transactions, this means that it will require at least 160 such stockholders to call a special meeting of the CBOT Holdings stockholders.</li></ul> <p><i>CBOT Subsidiary:</i></p> <ul style="list-style-type: none"><li>• The CBOT subsidiary will be required to call a special meeting of the members for the purpose of</li></ul>



Rights	Before the Restructuring Transactions	After the Restructuring Transactions
<i>Amendment to Certificate of Incorporation</i>	<p>bylaws, including the rules. If the board of directors does not approve such a special meeting, 100 or more voting members have the right to petition for such special meeting and such special meeting will then be called by the board of directors.</p> <p><i>CBOT:</i></p> <ul style="list-style-type: none"><li>• Amendments to our certificate of incorporation must be adopted by the board of directors and submitted to a vote of the membership. Proposals to amend the certificate of incorporation will be adopted if at least 300 votes have been cast at an annual or special meeting of the membership and a majority of the votes cast were in favor of the proposal.</li></ul>	<p>amending the bylaws, rules or regulations of the CBOT subsidiary or to vote on other proposals upon the written request of at least 10% of the voting power (or 154 votes) of the holders of the Series B-1 or Series B-2, Class B memberships in the CBOT subsidiary.</p> <p><i>CBOT Holdings:</i></p> <ul style="list-style-type: none"><li>• Amendments to the certificate of incorporation of CBOT Holdings must be adopted by the board of directors and submitted to a vote of the stockholders. Proposals to amend the certificate of incorporation will be adopted only if at least a majority of the voting power of the stockholders of CBOT Holdings are voted in favor of the proposal.</li></ul> <p><i>CBOT Subsidiary:</i></p> <ul style="list-style-type: none"><li>• Amendments to the certificate of incorporation of the CBOT subsidiary must be adopted by the board of directors and submitted for approval to a vote of CBOT Holdings as the Class A member. However, amendments to the certificate of incorporation that would adversely affect the core rights must be adopted by the board of directors and approved by a majority of the votes cast by the holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary at any annual or special meeting of the members.</li></ul>
<i>Amendments to Bylaws and Rules</i>	<p><i>CBOT:</i></p> <ul style="list-style-type: none"><li>• Currently, the bylaws, which include the rules, may only be adopted, amended or repealed with the approval of the membership. Proposals to amend the bylaws, including the rules, will be adopted if at least 300 votes have been cast at an annual or special meeting of the membership and a</li></ul>	<p><i>CBOT Holdings:</i></p> <ul style="list-style-type: none"><li>• The board of directors of CBOT Holdings will have the authority to adopt, amend and or repeal the bylaws of CBOT Holdings without the approval of the stockholders. The stockholders will also be entitled to initiate and vote on proposals to amend the bylaws at any annual or special meeting, which will be approved by a majority of the votes cast. The rules and regulations will be maintained by the CBOT subsidiary.</li></ul> <p><i>CBOT Subsidiary:</i></p> <ul style="list-style-type: none"><li>• The board of directors of the CBOT subsidiary will have the authority to adopt, amend or repeal the</li></ul>

Rights	Before the Restructuring Transactions	After the Restructuring Transactions
<i>Composition of the Board(s) of Directors</i>	<p>majority of the votes cast were in favor of the proposal. The regulations may be adopted, amended or repealed with the approval of the board of directors.</p> <p><i>CBOT:</i></p> <ul style="list-style-type: none"><li>• The board of directors of the CBOT currently consists of 18 directors, including: the chairman, the vice-chairman, the president (non-voting), nine directors who are Full Members, two directors who are Associate Members, and four directors who are not members.</li><li>• Directors other than the president and the four non-member directors are elected for either two- or three-year terms. The four non-member directors are appointed to serve four-year terms. The president and chief executive officer's appointment coincides with his term as president</li></ul>	<p>bylaws, rules and regulations of the CBOT subsidiary without the approval of the members, except that amendments that would adversely affect the core rights must be adopted by the board of directors and approved by a majority of the votes cast at a meeting of the holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary. The holders of Series B-1 and Series B-2, Class B memberships will also have the exclusive right among members to initiate and vote on proposals to amend the bylaws at any annual or special meeting of the members, which will be approved by a majority of the votes cast by the holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary.</p> <p><i>CBOT Holdings and CBOT Subsidiary:</i></p> <ul style="list-style-type: none"><li>• Following the initial annual meeting of CBOT Holdings after the restructuring, the board of directors of CBOT Holdings will consist of 16 directors, including: the chairman, the vice-chairman, the president and chief executive officer (who will serve as a non-voting director), eight directors who will be holders of Series B-1, Class B memberships, two directors who will be holders of Series B-2, Class B memberships and three directors who will be "independent" within the meaning of the certificate of incorporation and the bylaws of CBOT Holdings.</li><li>• The directors serving on the board of directors of the CBOT immediately prior to the completion of the restructuring transactions will continue as members of the boards of directors of both CBOT Holdings and the CBOT subsidiary immediately following the completion of the restructuring transactions. The continuing directors will serve for the duration of their current terms with the exception of the current non-member directors, whose terms will end in connection with the first annual election following the completion of the restructuring transactions.</li><li>• The elected directors of CBOT Holdings will be classified into two classes of directors consisting of eight directors and seven directors, respectively. Following a one-year transition period designed to accommodate the new classification of directors, directors other than the president and chief executive officer will generally serve two-year terms. The president and chief executive officer will, upon appointment to such position, automatically become a non-voting director.</li></ul>

Rights	Before the Restructuring Transactions	After the Restructuring Transactions
<i>Nomination Procedures for Directors</i>	<p><i>CBOT:</i></p> <ul style="list-style-type: none"><li>• The nominating committee nominates candidates to stand for election to the board of directors.</li><li>• Members have the right to petition, which petition must be signed by at least 40 members, to nominate other candidates to stand for election to the board of directors.</li></ul>	<ul style="list-style-type: none"><li>• CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, will elect the same persons serving as directors of CBOT Holdings as members of the board of directors of the CBOT subsidiary. As a result, CBOT Holdings and the CBOT subsidiary are expected to have identical boards.</li></ul> <p><i>CBOT Holdings:</i></p> <ul style="list-style-type: none"><li>• The stockholders of CBOT Holdings will elect members of a nominating committee to recommend to the board of directors nominations of persons to stand for election as directors of CBOT Holdings.</li><li>• Stockholders of CBOT Holdings will also be entitled to nominate persons to stand for election as directors of CBOT Holdings if the nominee is qualified and the stockholder satisfies certain advance notice requirements. In addition, if the stockholder satisfies such advance notice requirements and delivers a petition executed by at least 40 persons who are both stockholders of CBOT Holdings and the holders of a Series B-1, Class B membership in the CBOT subsidiary, CBOT Holdings will, to the extent that it prepares and delivers a proxy statement and form of proxy to its stockholders, at its own expense, include the name of such nominee and all other information related to such nominee that is provided with respect to the board of director's nominees in such proxy statement and form of proxy.</li></ul> <p><i>CBOT Subsidiary:</i></p> <ul style="list-style-type: none"><li>• CBOT Holdings, as the holder of the sole Class A membership, will be entitled to nominate and elect directors to serve on the board of directors of the CBOT subsidiary. However, it will be a qualification that each director of the CBOT subsidiary serve on the board of directors of CBOT Holdings.</li></ul>
<i>Dividends</i>	<p><i>CBOT:</i></p> <ul style="list-style-type: none"><li>• Nonstock, not-for-profit corporations are permitted to declare and pay dividends under Delaware law. However, in view of its not-for-profit status, the CBOT has not historically done so.</li></ul>	<p><i>CBOT Holdings:</i></p> <ul style="list-style-type: none"><li>• CBOT Holdings will be for-profit and will generally have the ability to declare and pay dividends to its common stockholders out of its "surplus" as defined under Delaware law.</li></ul> <p><i>CBOT Subsidiary:</i></p> <ul style="list-style-type: none"><li>• The CBOT subsidiary will also have the ability to declare and pay dividends as described above. However, other than the distribution to members of shares of CBOT Holdings common stock in the restructuring, the CBOT subsidiary may only declare</li></ul>

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Rights	Before the Restructuring Transactions	After the Restructuring Transactions
<i>Capital Stock</i>	<i>CBOT:</i> <ul style="list-style-type: none"><li>The CBOT is prohibited from issuing any capital stock.</li></ul>	and pay dividends to CBOT Holdings as the holder of the sole Class A membership in the CBOT subsidiary. <i>CBOT Holdings:</i> <ul style="list-style-type: none"><li>CBOT Holdings will be authorized to issue 39,802,650 shares of common stock, all of which will be issued to CBOT members in the restructuring transactions.</li></ul>
<i>Assessments and Dues</i>	<i>CBOT:</i> <ul style="list-style-type: none"><li>The board of directors of the CBOT currently possesses the authority to levy assessments upon the CBOT membership as it may deem necessary or advisable to meet certain anticipated operating deficits.</li></ul>	<i>CBOT Subsidiary:</i> <ul style="list-style-type: none"><li>The CBOT subsidiary will be prohibited from issuing any capital stock.</li></ul> <i>CBOT Holdings:</i> <ul style="list-style-type: none"><li>The common stock of CBOT Holdings will be issued as fully paid and non-assessable. As such, CBOT Holdings will have no authority to assess its stockholders.</li></ul>
<i>Change of Control Provisions</i>	<i>CBOT:</i> <ul style="list-style-type: none"><li>Although the membership application process may serve as a deterrent to persons considering unsolicited tender offers or other unilateral takeover proposals, the CBOT does not generally have mechanisms to protect against such actions.</li></ul>	<i>CBOT Subsidiary:</i> <ul style="list-style-type: none"><li>The board of directors of the CBOT subsidiary will continue to possess the authority to levy assessments upon the CBOT subsidiary membership on substantially the same terms as the board of directors of the CBOT, subject to applicable law.</li></ul> <i>CBOT Holdings:</i> <ul style="list-style-type: none"><li>CBOT Holdings will have mechanisms designed to deter persons considering unsolicited tender offers or other unilateral takeover proposals without negotiating with its board of directors, including the following:<ul style="list-style-type: none"><li>a classified board of directors with staggered terms of office;</li><li>advance notice requirements for stockholder proposals;</li><li>application of the Delaware anti-takeover statute; and</li><li>a prohibition on the ability of stockholder to take action by written consent.</li></ul></li></ul> <i>CBOT Subsidiary:</i> <ul style="list-style-type: none"><li>Although the membership application process may serve as a deterrent to persons considering unsolicited tender offers or other unilateral takeover</li></ul>

proposals, the CBOT subsidiary will not generally have mechanisms to protect against such actions. However, as a subsidiary of CBOT Holdings, it will benefit from certain protective mechanisms applicable to CBOT Holdings, as described above.

**Impact of Restructuring Transactions on the CBOE Exercise Right** (See pages 24 and 116)

Since 1973, when we created the Chicago Board Options Exchange, our Full Members have had a legal right to become members of that exchange without having to purchase a membership on that exchange. This is the “exercise right” described in this document. Over the last several years, since we first announced our desire to pursue a strategic restructuring of the CBOT into a stock, for-profit company, the CBOE has stated publicly its view that, if completed, the restructuring transactions would extinguish the exercise right under certain circumstances. Because we believed that the CBOE’s position violated a 1992 agreement between us and the CBOE, which addresses the exercise right, and because the exercise right is valuable to our Full Members, we, among other things, initiated litigation in the Illinois Circuit Court against the CBOE to protect the exercise right. The parties entered into discussions in order to address the situation, including the effect of the restructuring transactions on the exercise right.

On August 7, 2001, the CBOT entered into an agreement with the CBOE for the stated purpose of resolving the dispute between the parties regarding the exercise right within the context of the restructuring transactions and electronic trading generally at the CBOT. Subject to satisfaction of certain conditions, including, among other things, approval of the August 7, 2001 agreement by the membership of the CBOE, approval of the agreement by the SEC as an interpretation of the certificate of incorporation of the CBOE and the effectiveness of the registration statement of which this document is part, the parties agreed, among other things, to clarify the nature and scope of the exercise right in the context of the CBOT’s proposed strategic restructuring and the expanded operation of the CBOT’s electronic trading system. In addition, the CBOT agreed to dismiss pending litigation and the CBOE agreed to withdraw its proposed interpretation and rule change that had been filed with the SEC and to take no further action to amend, modify, or otherwise limit, or terminate or cause to expire, the exercise right as a result of the completion of the restructuring transactions except as contemplated in the agreement. On August 13, 2001, the CBOE withdrew its proposed interpretation and rule changes filing.

On October 24, 2001, the CBOT, CBOT Holdings and the CBOE entered into a letter agreement that, among other things, specified the terms and conditions under which the August 7, 2001 agreement will apply upon the completion of the restructuring transactions as revised to provide for the holding company structure. On September 13, 2002, the CBOT, CBOT Holdings and the CBOE entered into a letter agreement that, among other things, specified the terms and conditions under which the August 7, 2001 agreement and the October 24, 2001 letter agreement will apply upon completion of the restructuring transactions as refined subsequent to the October 24, 2001 letter agreement.

You should understand that the CBOE could challenge the exercise right in the future, notwithstanding that we have entered into these agreements.

**Fairness of the Allocation of Shares of CBOT Holdings Common Stock Among Members** (See pages 24, 65 and 70)

Since no mechanism currently exists in our certificate of incorporation, bylaws or rules and regulations for allocating ownership in our organization among the members in connection with a restructuring such as that contemplated by the restructuring transactions, our board of directors appointed the Independent Allocation Committee, comprised solely of public or independent directors of the board, to develop and recommend for

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adoption by the full board an appropriate and fair allocation among the CBOT members of shares of common stock in the restructured organization.

On September 17, 2002, the Independent Allocation Committee recommended to the board of directors as fair an allocation of shares of common stock of CBOT Holdings among the CBOT members in respect of their memberships in connection with the restructuring transactions in the ratio of 5.0: 1.0: 0.5: 0.06: 0.07 to each Full Member, Associate Member, GIM, IDEM and COM, respectively. In reaching this conclusion, the Independent Allocation Committee received and considered an opinion of William Blair & Company, L.L.C. that the proposed allocation was fair from a financial point of view to each of the five classes of CBOT members.

William Blair was retained by the Independent Allocation Committee as the Independent Allocation Committee's financial advisor to assist it in developing a recommendation with respect to the allocation and to deliver a written opinion as to the fairness, from a financial point of view, of the allocation of shares of common stock in the restructured organization among the CBOT members in respect of their memberships in connection with the restructuring transactions. William Blair's fairness opinion dated September 17, 2002, states that, based upon and subject to the matters set forth in the opinion, the proposed allocation of shares of common stock in CBOT Holdings is fair, from a financial point of view, to each of the five classes of CBOT members. The full text of the William Blair fairness opinion, dated September 17, 2002, is attached as Appendix D to this document.

William Blair was paid fees of \$750,000 for the issuance of its written opinion to the Independent Allocation Committee and the CBOT board of directors and each update through its January 16, 2001 update. On September 7, 2001, the CBOT and William Blair agreed to extend William Blair's engagement for nine months for a fee of \$200,000. On September 3, 2002, the CBOT and William Blair agreed again to extend William Blair's engagement for twelve months for an additional fee of \$200,000. Thus, the total fees paid to William Blair to date are \$1,150,000. Payment of these fees was not conditioned on the conclusion reached by William Blair in its opinion.

You should understand that this fairness opinion from William Blair is limited in its scope and does not address the value of the CBOT or the memberships before or after completion of the restructuring transactions, or the fairness of the consideration to be received by CBOT members in respect of their memberships in connection with the restructuring transactions.

### **U.S. Federal Income Tax Consequences of the Restructuring Transactions** (See page 162)

We have received a ruling from the Internal Revenue Service to the effect that, for U.S. federal income tax purposes, you will not recognize any gain or loss strictly as a result of receiving shares of common stock of CBOT Holdings and Class B and Class C memberships in the CBOT subsidiary and that CBOT Holdings will not recognize any gain or loss strictly as a result of CBOT Holdings receiving the Class A membership in the CBOT subsidiary in connection with the restructuring transactions as originally proposed last year. We are currently seeking a supplemental ruling from the IRS confirming that certain aspects of the post-restructuring governance structure of CBOT Holdings and the CBOT subsidiary (which represent changes from the structure originally submitted to the IRS) will not affect the validity of the IRS's earlier ruling to the effect that CBOT members will not recognize gain with respect to the receipt of Class B or Class C memberships of the CBOT subsidiary, including any associated right to trade on the CBOT or the CBOE. These changes were made after the IRS's issuance of the original ruling and, as a result, are not covered by that ruling.

Assuming this non-recognition treatment, the tax basis in your membership will carry over to your common stock of CBOT Holdings and memberships in the CBOT subsidiary. Receipt of a favorable ruling from the IRS with respect to the receipt by members of Class B and Class C memberships in the CBOT subsidiary and receipt of a favorable ruling from the IRS or an opinion of counsel with respect to the receipt by CBOT Holdings of the Class A membership in the CBOT subsidiary and receipt by members of common stock of CBOT Holdings, in each case, in form and substance satisfactory to our board, are conditions to our obligation to complete the

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restructuring transactions. This condition will be satisfied with respect to the ruling if we receive the supplemental ruling which we have requested from the IRS.

We have received an opinion of Kirkland & Ellis, tax counsel to the CBOT and CBOT Holdings, to the effect that the discussion set forth at “Material U.S. Federal Income Tax Consequences of the Restructuring Transactions” represents its opinion as to the material U.S. federal income tax consequences of the restructuring transactions, subject to the qualifications set forth therein, and are based on reasonable interpretation of existing law. The opinion includes the consequences that are the subject of the IRS ruling, which are described in that section.

### **Accounting Matters Relating to the Restructuring Transactions** (See page 78)

The accounting treatment of certain aspects of the restructuring transactions will be treated in a manner similar to a reorganization of entities under common control. Under this method of accounting, no gain or loss will be recognized, and the assets and liabilities of the CBOT will each appear on the books of CBOT Holdings at the same recorded amounts as on the books of the CBOT.

### **Regulatory Matters Relating to the Restructuring Transactions** (See page 78)

The completion of the restructuring transactions is subject to our receipt of any approvals required by the Commodity Futures Trading Commission in connection with the proposed changes to our certificate of incorporation, bylaws and rules and regulations that will be made in connection with the restructuring transactions and confirmation by the CFTC that implementation of the restructuring transactions will not have a material adverse effect on our current contract market designation. We are currently in the process of reviewing such proposed changes with the CFTC. We currently expect that, pursuant to applicable CFTC regulations, the CFTC will make its determinations regarding such changes within 45 days following membership approval of the propositions relating to the restructuring transactions. However, under certain circumstances, this process could take much longer.

In addition, the restructuring transactions may be subject to certain regulatory requirements of other state, federal and foreign governmental agencies and authorities. We are currently working to evaluate and comply, as applicable, in all material respects with these requirements and do not currently anticipate that they will delay the completion of the restructuring transactions.

### **Conditions to Completing the Restructuring Transactions** (See page 79)

Although we are asking you to vote to approve the propositions relating to the restructuring transactions at this time, we will not be obligated to complete the restructuring transactions unless and until each of the following conditions has been satisfied or waived:

- the Full Members and Associate Members of the CBOT, voting together as a single class based on their respective voting rights, shall have approved each of the four propositions being submitted for their approval in connection with the restructuring transactions in accordance with applicable law;
- we shall have received (1) a favorable ruling from the IRS to the effect that receipt by members of Class B and Class C memberships in the CBOT subsidiary and (2) a favorable ruling from the IRS or an opinion of counsel to the effect that receipt by CBOT Holdings of the Class A membership in the CBOT subsidiary and receipt by members of common stock of CBOT Holdings, in each case, in form and substance satisfactory to our board of directors, will not result in the recognition of gain or loss to our members under U.S. federal tax law;
- we shall have received any approvals required by the Commodity Futures Trading Commission in connection with changes to our corporate governance structure and we shall have confirmed with the CFTC that implementation of the restructuring transactions will not have a material adverse effect on our

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current contract market designation, and we have received any other governmental or regulatory approvals and authorizations determined by us to be necessary;

- we shall have received each required material third party consent which the failure to obtain would, in the sole and absolute determination of the board of directors, have a material adverse effect on CBOT Holdings or the CBOT subsidiary;
- there shall be no court order or other regulation prohibiting or restricting the restructuring transactions;
- our board of directors shall not have determined that there is a material risk of an adverse outcome in the litigation brought by certain Associate Members, GIMS, IDEMS and COMs challenging the proposed allocation methodology (which, as described in greater detail elsewhere in this document, has been decided in our favor by a court of law); and
- our board of directors shall not have determined that the restructuring transactions are no longer in the best interests of the CBOT and its members or that the restructuring transactions are not fair to each class of CBOT membership.

### **No Stock Exchange Listing; Market for Shares and Memberships** (See page 27)

We have no current plans to seek the listing of the common stock of CBOT Holdings or the memberships of the CBOT subsidiary on any stock exchange.

No market presently exists for the common stock of CBOT Holdings. Although we cannot provide any assurances in this regard, we currently believe that a market for the common stock of CBOT Holdings and the Class B memberships in the CBOT subsidiary may develop that is similar to the current markets for CBOT memberships. The current markets for memberships in the CBOT should facilitate the development of new markets for the common stock of CBOT Holdings and the Class B memberships in the CBOT subsidiary. As the rights and privileges associated with the Class C membership in the CBOT subsidiary are not currently transferable separate and apart from a Full Membership in the CBOT, we are uncertain as to what extent, if any, a market will develop for Class C memberships in the CBOT subsidiary and what effect the transferability of the Class C memberships in the CBOT subsidiary will have on the market for the common stock of CBOT Holdings and Class B memberships in the CBOT subsidiary.

### **Risk Factors** (See page 23)

There are significant risks associated with the restructuring transactions that you should consider very carefully before voting on the matters being submitted for your consideration. These risks include, among other things, our ability to implement in a timely and successful manner changes to our organizational and corporate governance structure that are required in order to operate more efficiently. Although we have a long history of operating as a successful member-owned institution, significant changes will be required in the manner in which we evaluate and undertake activities.

### **Propositions To Be Approved by Members; Vote Required** (See page 164)

Full Members and Associate Members are being asked to approve the restructuring transactions described in this document by voting on the following four propositions:

- (1) the approval and adoption of the agreement and plan of merger relating to the reorganization merger;
- (2) the approval and adoption of the amended and restated bylaws of the CBOT, which will become the bylaws of the CBOT subsidiary, and a technical amendment to the bylaws of the CBOT clarifying the status of the holders of GIM, IDEM and COM membership interests as members of the CBOT for purposes of Delaware corporation law;
- (3) the ratification of the agreements relating to the exercise right entered into by us and the CBOE; and



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- (4) the ratification of all other matters relating to the restructuring transactions, including, among other things, the proposed changes to our corporate governance structure, as set forth in the amended and restated certificate of incorporation and bylaws for CBOT Holdings and a new certificate of incorporation for the CBOT subsidiary, and certain changes to the rules and regulations of the CBOT subsidiary, which, collectively, will facilitate the demutualization and the modernization of certain aspects of our corporate governance structure.

The requested ratifications are expressions of approval by members of one or more matters for which their approval is not required as a matter of law. Although we are not aware of case law addressing the effect of ratification by members of a Delaware nonstock corporation, we believe, based on certain cases addressing ratification by stockholders, that ratification may under certain circumstances be effective to protect actions taken by a corporation and its board of directors against certain claims by stockholders (or, in the case of the CBOT, members) challenging such actions. It is a condition to the CBOT's obligation to complete the restructuring transactions that the Full Members and the Associate Members, voting together as a single class based on their respective voting rights, approve each of the four propositions presented to them by the board of directors in accordance with applicable law. For this reason, ratification of certain matters described above will be required to complete the restructuring transactions.

**The four propositions described above, all of which relate to the restructuring transactions, are separate matters to be voted upon by the Full Members and the Associate Members but are expressly conditioned upon the approval of each of the other of these four propositions. This means that ALL FOUR of these propositions must be approved by the Full Members and the Associate Members, voting together as a single class based on their respective voting rights, in order for the restructuring transactions to be completed. The restructuring transactions described in this document will not be completed, even if all of the other conditions are satisfied or waived, unless the Full Members and the Associate Members, voting in this manner, approve ALL FOUR of these propositions.**

In accordance with applicable Delaware law, proposition (1) will be approved if a majority of the voting power of Full Members and Associate Members, voting together as a single class based upon their respective voting rights, vote in favor of the approval of proposition (1). In accordance with the current certificate of incorporation and bylaws of the CBOT, propositions (2), (3) and (4) will be approved if Full Members and Associate Members, voting together as a single class based upon their respective voting rights, cast at least 300 votes at the special meeting, in person or by proxy ballot, and at least a majority of the votes cast are in favor of propositions (2), (3) and (4). Full Members will be entitled to one vote for each Full Membership owned, and Associate Members will be entitled to one-sixth of one vote for each Associate Membership owned. No other class of CBOT membership will be entitled to vote on the restructuring transactions. Our directors and officers hold memberships entitling them to cast an aggregate of  $16\frac{2}{3}$  votes on the propositions, representing about 1.1% of the total votes that may be cast.

### **Absence of Appraisal Rights** (See Page 159)

Members who object to the restructuring transactions will have no appraisal rights under Delaware law. If the restructuring transactions are completed and regardless of whether you voted for or against the restructuring transactions, your membership in the CBOT will be eliminated and you will receive shares of common stock of CBOT Holdings and memberships in the CBOT subsidiary, in each case, as described in this document.

### **Board Recommendation**

Our board of directors has determined that the restructuring transactions are in the best interests of the CBOT and its members and that the restructuring transactions are fair to each class of CBOT membership. **Our board of directors has approved the restructuring transactions and recommends that Full Members and Associate Members vote "FOR" each of the four propositions being submitted for their approval in connection with the restructuring transactions.**

**SUMMARY CONSOLIDATED FINANCIAL DATA**

The following table sets forth a summary of consolidated financial and other information for the CBOT. The balance sheet data as of December 31, 2001 and 2000 and operating data for the years ended December 31, 2001, 2000 and 1999 have been derived from the audited consolidated financial statements and related notes included elsewhere in this document. The balance sheet data as of December 31, 1999, 1998 and 1997 and operating data for the years ended December 31, 1998 and 1997 have been derived from audited financial statements and related notes not included in this document. The balance sheet and operating data as of, and for the nine months ended September 30, 2002 and 2001 are unaudited but include, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of such data. The results of operations for the nine months ended September 30, 2002 are not necessarily indicative of the results that may be expected for the entire year. The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," the consolidated financial statements and the related notes, the unaudited pro forma condensed consolidated financial statements and other financial information included elsewhere in this document.

	Nine Months Ended September 30,		Year Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
(dollars in thousands, except per share data)							
<b>Operating Data</b>							
Total revenues	\$ 234,394	\$ 178,393	\$ 243,932	\$ 214,161	\$ 203,948	\$ 207,185	\$ 177,475
Operating expenses	177,695	160,051	235,466	222,319	221,303	195,490	154,669
Income (loss) from operations	56,699	18,342	8,466	(8,158)	(17,355)	11,695	22,806
Total income taxes (credit)	23,384	7,486	4,002	1,950	(2,895)	5,051	6,147
Income (loss) before cumulative effect of change in accounting principle and minority interest	33,315	10,856	4,464	(10,108)	(14,460)	6,644	16,659
Cumulative effect of change in accounting principle—net of tax of \$36(1) and \$2,026(2), respectively	—	(51)	(51)	—	(2,920)	—	—
Income (loss) before minority interest	33,315	10,805	4,413	(10,108)	(17,380)	6,644	16,659
Minority interest in (income) loss of subsidiary	—	—	—	—	6,933	(38)	(6,995)
Net income (loss)	\$ 33,315	\$ 10,805	\$ 4,413	\$ (10,108)	\$ (10,447)	\$ 6,606	\$ 9,664
<b>Balance Sheet Data</b>							
Total assets	\$ 370,802	\$ 372,638	\$ 359,061	\$ 373,836	\$ 373,379	\$ 400,971	\$ 397,449
Total liabilities	141,006	170,120	162,988	182,516	172,405	189,924	193,538
Short-term borrowings	16,339	19,767	18,398	27,083	6,500	—	1,662
Long-term borrowings	46,041	59,158	58,324	64,286	87,500	100,726	105,000
Total equity	229,796	202,518	196,073	191,320	200,974	211,047	203,911
<b>Pro forma Data(3)</b>							
Total assets	\$ 370,802	\$ 372,638	\$ 359,061	\$ 373,836	\$ 373,379	\$ 400,971	\$ 397,449
Total liabilities	141,006	170,120	162,988	182,516	172,405	189,924	193,538
Short-term borrowings	16,339	19,767	18,398	27,083	6,500	—	1,662
Long-term borrowings	46,041	59,158	58,324	64,286	87,500	100,726	105,000
Total equity	229,796	202,518	196,073	191,320	200,974	211,047	203,911
Net income (loss)	33,315	10,805	4,413	(10,108)	(10,447)	6,606	9,664
Net income (loss) per share(4)	0.84	0.27	0.11	(0.25)	(0.26)	0.17	0.24
<b>Other Data</b>							
Current ratio(5)	1.75	1.02	1.11	0.71	1.02	1.41	1.42
Working capital (deficit)	\$ 45,079	\$ 1,781	\$ 8,324	\$ (22,507)	\$ 1,067	\$ 18,574	\$ 18,457
Capital expenditures	23,934	10,336	16,358	38,497	25,165	26,985	48,529
Interest coverage ratio(6)	16.31	4.47	2.26	N/A	N/A	2.63	4.52
Number of full time employees at end of period	659	640	661	711	846	853	805
Sales price per CBOT Full Membership—High	\$ 453	\$ 360	\$ 415	\$ 642	\$ 633	\$ 780	\$ 858
—Low	240	290	290	255	400	384	660

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- (1) In 2001, the CBOT adopted Statement of Financial Accounting Standards (“SFAS”) No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended and interpreted, requiring recognition of all derivative instruments in the Consolidated Statements of Financial Condition as either assets or liabilities and the measurement of those instruments at fair value. SFAS No. 133 also requires changes in the fair value of derivative instruments to be recorded each period in current earnings or other comprehensive income depending on the intended use of the derivatives.
- (2) In 1999, the CBOT adopted Statement of Position (“SOP”) 98-5, “Reporting on the Costs of Start-Up Activities.” SOP 98-5 requires that start-up activities be expensed as incurred. Previously, start-up activities were capitalized and amortized.
- (3) Reflects the conversion of members’ equity to common stock of CBOT Holdings.
- (4) Based on 39,802,650 shares issued and outstanding immediately following the completion of the restructuring transactions.
- (5) Equals current assets divided by current liabilities.
- (6) Equals the sum of income from operations plus interest expense, divided by interest expense.

## RISK FACTORS

*If the restructuring transactions are completed, in respect of your CBOT membership, you will receive shares of common stock of CBOT Holdings and a membership in the CBOT subsidiary. If you are a Full Member of the CBOT, you will also receive an additional membership in the CBOT subsidiary representing the exercise right. Therefore, you should carefully consider each of the following risks and uncertainties, and all other information set forth in this document, before deciding whether to vote for or against the four propositions relating to the restructuring transactions. The following risks relate principally to:*

- the restructuring transactions, particularly the demutualization;*
- our business in general and the industry in which we operate;*
- regulations applicable to our business and litigation in which we are, or may be, involved; and*
- changes in our corporate governance structure that will be implemented as part of the restructuring transactions.*

*You should be aware that the risks and uncertainties described below are not the only risks and uncertainties we are facing or will face in the future. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business.*

*This document contains forward-looking statements that involve risks and uncertainties. The results of CBOT Holdings could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks and uncertainties faced by CBOT Holdings and the CBOT subsidiary described below and elsewhere in this document.*

### **Risks Relating to the Restructuring Transactions**

*We are subject to the following risks in connection with the restructuring transactions, particularly our demutualization. Certain other risks relating to changes in our governing documents in connection with the restructuring transactions are described below, see “—Risks Relating to Changes in Our Corporate Governance Structure.”*

#### ***We Have No Internal Experience and Little Representative External Experience Upon Which to Rely in Operating as a For-Profit Futures Exchange***

Since our formation in the mid-nineteenth century, we have operated as a nonstock, not-for-profit corporation for the benefit of our members. As such, we have been a mutual (or member-owned) organization focused on delivering member benefits and enhancing member opportunity at reasonable cost. After the restructuring transactions are completed, our business will be operated for the long-term benefit of stockholders as well as for the purpose of delivering member benefits and enhancing member opportunity rather than solely for the purpose of delivering member benefits and enhancing member opportunity. Our management has limited experience operating a for-profit business. In addition, they have no experience, and there is relatively little history of or experience by other U.S. futures exchanges, operating a for-profit futures exchange. Consequently, our transition to for-profit operations will be subject to risks, expenses and difficulties that we cannot predict and may not be capable of handling in an efficient manner.

#### ***Our Holding Company Structure May Not Achieve its Intended Benefits***

We believe that the proposed holding company structure contemplated by the restructuring transactions will provide us increased flexibility to operate in a manner that will allow us to pursue our strategic goals while preserving certain desirable attributes of nonstock membership corporations. The expected benefits of the holding company structure may not be realized if market conditions, the regulatory environment or other circumstances limit us from pursuing our strategic goals. As a result, we could incur the costs of maintaining a holding company structure without realizing all of its intended benefits.

***As a Holding Company, CBOT Holdings Will be Totally Dependent on Distributions and Dividends from its Operating Subsidiaries to Pay Dividends and Other Obligations***

Immediately following the completion of the restructuring transactions, CBOT Holdings will have no business operations of its own. The only significant asset of CBOT Holdings will initially consist of the Class A membership in the CBOT subsidiary. This Class A membership will entitle CBOT Holdings to all dividends, distributions and proceeds upon liquidation from the CBOT subsidiary. As a result, CBOT Holdings will rely upon distributions from the CBOT subsidiary to meet its obligations. We currently expect that most of the earnings and cash flow of the CBOT subsidiary will initially be retained and used by it in its operations, including for purposes of servicing debt obligations it may have now or incur in the future.

***The Exercise Right Could be Challenged Further by the CBOE***

Notwithstanding our execution of the August 7, 2001 agreement and related October 24, 2001 and September 13, 2002 letter agreements with the CBOE, we cannot assure you that the CBOE will not take other actions in the future to challenge or interfere with the exercise right in reliance upon its interpretation of these agreements, the 1992 agreement or article fifth (b) of the CBOE's certificate of incorporation, which created the exercise right in 1973. We also cannot assure you that the CBOE will not otherwise be successful in terminating the exercise right or preventing Full Members from exercising such right in the future in response to future innovations by CBOT Holdings or the CBOT subsidiary in implementing their business strategies, especially in the area of electronic trading. For more information on the exercise right and the CBOE's recent attempts to restrict the scope of the exercise right, see "Our Business—Legal Proceedings—Chicago Board Options Exchange Dispute."

***Certain Members Have Filed a Complaint in Illinois State Court Challenging the Proposed Allocation of Equity in the CBOT***

Certain Associate Members, GIMs, IDEMs and COMs have instituted litigation in Cook County Circuit Court against certain individual Full Members and a class of all Full Members alleging that the proposed allocation of equity in the CBOT as part of the restructuring transactions unfairly favors Full Members to the detriment of Associate Members, GIMs, IDEMs and COMs. The plaintiffs have requested, among other things, that the court enjoin Full Members from voting in favor of the allocation contemplated by the restructuring transactions and that the court declare that the proposed allocation is unfair. The court certified a plaintiff class consisting of all persons or entities who own an Associate Membership or any other membership interest (excluding the 1,402 individuals who hold Full Memberships and any entity which owns a Full Membership in addition to owning an Associate Membership or other membership interest) and certified a defendant class consisting of all persons or entities who are CBOT Full Members. Subsequently, defendants filed a motion for summary judgment, arguing among other things that Full Members of the CBOT do not owe fiduciary duties to Associate Members and membership interest holders under Delaware law, and therefore plaintiffs' complaint should be dismissed. On August 8, 2002, the court granted defendants' motion for summary judgment. On September 6, 2002, the plaintiffs filed a motion asking the court to reconsider its decision to dismiss the case and terminate this litigation. On December 16, 2002, the court denied plaintiffs' motion for reconsideration, and on January 14, 2003, plaintiffs filed a notice of appeal. We believe that the court's decision is correct and that plaintiffs' position is without merit. Nevertheless, we cannot provide any assurances that the plaintiffs will not succeed in preventing or delaying the vote which is the subject of this proxy solicitation or in altering the proposed allocation of equity in the restructuring transactions. Additionally, we cannot assure you that the plaintiffs will not attempt to pursue other remedies, such as damages, in the event that the restructuring transactions are completed on the terms proposed in this document. For more information, see "Our Business—Legal Proceedings—Lawsuit Brought By Certain Associate Members, GIMs, IDEMs and COMs."

***We Have Not Determined or Received Any Opinion Regarding the Value of the CBOT Before or After the Restructuring Transactions or the Value of the Securities and/or Memberships You Will Receive in the Restructuring Transactions Compared to the Value of the Memberships You Currently Own***

We have not determined the value of the CBOT in its current form as a nonstock, not-for-profit corporation or its value as a stock, for-profit holding company after the restructuring transactions, nor have we determined

the value of the securities and/or memberships that will be issued in respect of the existing CBOT memberships in connection with the restructuring transactions. The fairness opinion that we have received from William Blair is limited in scope and does not address either of the foregoing valuation matters. Accordingly, we can give you no assurance that the value of CBOT Holdings will be at least equal to the value of the CBOT or that the value of the securities of CBOT Holdings and/or memberships in the CBOT subsidiary will be at least equal to the value of the corresponding memberships in the CBOT that you currently own.

***The Allocation of the Equity in CBOT Holdings Depends on Several Relative Factors***

The Independent Allocation Committee and our board of directors considered a number of factors in determining the allocation of equity in CBOT Holdings among the existing CBOT members in connection with the restructuring transactions. The Independent Allocation Committee based its recommendation on a combination of factors including, among other things, relative voting rights, relative liquidation rights, the allocation of partnership interests in connection with the formation of Ceres, membership or seat prices and contract volumes. There are other equity allocation methods that could be applied and, if applied, might produce different results. However, the Independent Allocation Committee and our board of directors have determined that the proposed allocation will accomplish a fair allocation of the common stock of CBOT Holdings among the CBOT members in respect of their memberships. See “The Restructuring Transactions—Independent Allocation Committee of the Board” for more information regarding the Independent Allocation Committee and the allocation methodology.

***Full Members Will Experience Modest Dilution of Their Relative Voting Powers***

As a result of the allocation of common stock of CBOT Holdings among our members and the limitation on the voting rights of Class B and Class C members of the CBOT subsidiary resulting from the completion of the restructuring transactions, Full Members will experience a modest dilution of their voting power on general matters relative to the voting power of Associate Members, GIMs, IDEMs and COMs on such matters. Our current certificate of incorporation and bylaws provide that the Full Members are entitled to one vote per membership and Associate Members are entitled to one-sixth of one vote per membership on all matters subject to a membership vote, while GIMs, IDEMs and COMs do not have the right to vote on any matters.

Upon the completion of the restructuring transactions, the holders of the common stock of CBOT Holdings will have the right to vote on all matters upon which the stockholders of CBOT Holdings will be entitled to vote generally, including, among other things, the election of directors to the board of directors of CBOT Holdings. By virtue of their receipt of shares of common stock pursuant to the restructuring transactions, GIMs, IDEMs and COMs who do not currently have voting rights in the CBOT will also be entitled as common stockholders to vote on all matters submitted to the stockholders of CBOT Holdings for a vote. As a result, immediately following the completion of the restructuring transactions, common stockholders of CBOT Holdings who were Full Members of the CBOT will hold about 88.06% of the voting power of CBOT Holdings compared to about 91.39% of the voting power of the CBOT held immediately prior to the completion of the restructuring transactions (based upon the number of Full Memberships and Associate Memberships outstanding as of January 22, 2002). See “The Restructuring Transactions—Independent Allocation Committee of the Board” and “Description of Capital Stock and Memberships.”

***Your Relative Liquidation Rights Will Change as a Result of the Restructuring Transactions and Full Members and GIMs Will Experience Modest Dilution of Their Relative Liquidation Rights***

As a result of the allocation of common stock of CBOT Holdings among members and the exclusive right of CBOT Holdings as the sole Class A member of the CBOT subsidiary to share in the proceeds of liquidation of the CBOT subsidiary resulting from the completion of the restructuring transactions, Full Members and GIMs will experience modest dilution of their liquidation rights in CBOT Holdings relative to the liquidation rights of Associate Members, IDEMs and COMs. Our current certificate of incorporation and bylaws provide that the members would share in the proceeds upon liquidation in a ratio of 1.000 : 0.167 : 0.111 : 0.005 : 0.005 to each Full Member, Associate Member, GIM, IDEM and COM, respectively. This represents an implied allocation among Full Members, Associate Members, GIMs, IDEMs and COMs as follows: 6.00 : 1.00 : 0.67 : 0.03 : 0.03.

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Upon the completion of the restructuring transactions, CBOT Holdings common stockholders will have the right to share in the proceeds of liquidation of CBOT Holdings pro rata on the basis of the number of shares of common stock owned and CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, will have the exclusive right to share in the proceeds of liquidation of the CBOT subsidiary.

Accordingly, upon the completion of the restructuring transactions, the proceeds upon liquidation would be shared among CBOT Holdings common stockholders in accordance with the ratio used to allocate equity in CBOT Holdings pursuant to the restructuring transactions, which is 5.0 : 1.0 : 0.5 : 0.06 : 0.07 to each Full Member, Associate Member, GIM, IDEM and COM, respectively. This will increase somewhat the liquidation rights of stockholders who are now Associate Members, IDEMs and COMs and will reduce in a corresponding manner the relative liquidation rights of stockholders who are now Full Members and GIMs. See “The Restructuring Transactions—Independent Allocation Committee of the Board” and “Description of Capital Stock and Memberships.”

### ***We May Incur Material, Unanticipated Costs in Connection with the Restructuring Transactions***

We have already incurred substantial expenses in connection with the restructuring transactions and have planned for additional expenditures necessary for the completion of the transactions. We may, however, incur additional significant costs and expenses greater than those we have planned for in connection with the restructuring transactions. We cannot assure you that these additional costs will not be material to our business.

### ***We Will Be Unable to Complete the Restructuring Transactions Unless We Can Obtain a Favorable Supplemental Ruling from the IRS and/or an Opinion of Counsel***

We have designed and structured the restructuring transactions with the intention that neither the CBOT nor its members will recognize any gain or loss for U.S. federal income tax purposes in connection with the demutualization. On September 30, 2002, we received a private letter ruling from the Internal Revenue Service to the effect that you will not recognize gain or loss strictly as a result of the receipt of shares of common stock of CBOT Holdings and Class B and Class C memberships in the CBOT subsidiary and that CBOT Holdings will not recognize any gain or loss strictly as a result of the receipt by CBOT Holdings of the Class A membership in the CBOT subsidiary in connection with the restructuring transactions as originally proposed last year. We are currently seeking a supplemental ruling from the IRS to the effect that certain aspects of the post-restructuring corporate governance structure of CBOT Holdings and the CBOT subsidiary (which represent changes from the structure originally submitted to the IRS), as described in this document, will not affect certain of the IRS’s holdings in its September 30, 2002 ruling. Because there is limited authority for the tax treatment of the demutualization aspect of our restructuring transactions, we cannot be sure that the IRS will issue the requested supplemental ruling or, if issued, that we will receive the requested supplemental ruling in the near future. This process can, under certain circumstances, take a significant amount of time. Receipt of a favorable ruling from the IRS with respect to receipt by the members of Class B and Class C memberships in the CBOT subsidiary and receipt of a favorable ruling from the IRS or an opinion of counsel with respect to the receipt by CBOT Holdings of the Class A membership in the CBOT subsidiary and receipt by members of common stock of CBOT Holdings, in each case, in form and substance satisfactory to our board, are conditions to our obligation to complete the restructuring transactions, and we will not complete the restructuring transactions unless and until we receive the ruling and/or opinion, as applicable. Even if we do receive the requested ruling from the IRS, any significant delay in the implementation of the restructuring transactions caused by the IRS could jeopardize our ability to achieve the expected benefits of the restructuring transactions.

### ***We Will Be Unable to Complete the Restructuring Transactions Unless We Can Obtain Necessary Regulatory Approvals, Including from the Commodity Futures Trading Commission***

In order to complete the restructuring transactions, we currently anticipate that the Commodity Futures Trading Commission will be asked to approve changes to our certificate of incorporation, bylaws and rules and

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regulations, and that the CFTC will be asked to confirm that implementation of the restructuring transactions will not have a material adverse effect on our current contract market designation. We are currently in the process of reviewing such proposed changes with the CFTC. We currently expect that, pursuant to applicable CFTC regulations, within 45 days following membership approval of the propositions relating to the restructuring transactions, the CFTC will make its determinations regarding such changes. However, under certain circumstances, this process could take much longer. If these CFTC approvals and any other necessary regulatory approvals or authorizations cannot be obtained, we may not be able to complete the restructuring transactions and any delay in the implementation of the restructuring transactions caused by the CFTC or other regulators may jeopardize the expected benefits of the restructuring transactions. Generally speaking, depending on the circumstances, it could take several months to receive the necessary approvals from the CFTC. We cannot assure you that the CFTC and other regulatory approvals will be obtained in connection with the restructuring transactions or, if obtained, that the approvals will be timely received.

### ***The Absence of a Prior Public Market Limits Our Ability to Predict Whether and to What Extent a Public Market Will Develop in Our Shares***

There is currently no public market for the shares of common stock of CBOT Holdings as such common stock will be newly issued securities and subject to significant transfer restrictions. The transfer restrictions applicable to the common stock of CBOT Holdings will cause such common stock to be linked together with the Class B memberships in the CBOT subsidiary for an indefinite period of time. Although we currently expect that the boards of directors of CBOT Holdings and the CBOT subsidiary will not, for the foreseeable future, consider seeking the removal and/or reduction of these transfer restrictions, it is possible that such transfer restrictions could be removed and/or reduced at some point in the future, and, in such event, we cannot assure you that the CBOT Holdings common stock will become freely tradable or to what extent a market will develop for such common stock. Moreover, even if the CBOT Holdings common stock were to become freely tradable, we do not know whether third parties would find the shares of common stock of CBOT Holdings to be an attractive investment, or whether firms would be interested in making a market in shares of the CBOT Holdings common stock. Consequently, we cannot assure you that any trading market for any shares of our capital stock will develop or, if one or more develops, how strong it may be.

### ***There is Uncertainty as to the Effect the Restructuring Transactions Will Have on the Application of Our Rule Concerning Claims Against the Proceeds of a Transfer of a Membership After the Restructuring Transactions***

Under our current rules and regulations, proceeds from the transfer of a membership are subject to certain prior claims of other members against the seller of that membership. As a result of the restructuring transactions, our members will receive a combination of interests consisting of both common stock of CBOT Holdings and membership(s) in the CBOT subsidiary. As described in greater detail elsewhere in this document, the CBOT Holdings common stock and the Class B memberships in the CBOT subsidiary will be linked together for an indefinite period of time. Due to this linkage and the unique characteristics of the resulting combinations of interests, we believe that there is significant uncertainty concerning the application of this rule after the completion of the restructuring transactions. Absent special circumstances, proceeds from the transfer of shares of common stock of CBOT Holdings will not be subject to the prior claims of the holders of Class B memberships in the CBOT subsidiary unless and to the extent that such holders have otherwise perfected a security interest in the transferred shares of common stock of CBOT Holdings, such as receiving a pledge of such shares. The rules and regulations of the CBOT subsidiary will provide that the proceeds of any transfer of Class B memberships in the CBOT subsidiary will be subject to the priority of payments provision that is currently applicable to the transfer of CBOT memberships. However, we are not aware of any court that has considered the applicability of such a provision in the context of linked common stock and memberships. Accordingly, while we currently intend to retain this provision in the rules and regulations of the CBOT subsidiary, there is uncertainty as to whether, how and to what extent the priority of payments provision would be enforced in accordance with



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its terms. As a result, we cannot provide you any assurances as to the continued enforceability of this priority of payments provisions after the completion of the restructuring transactions and you may wish to consider the implementation of special procedures to protect your interests in this regard.

### **Risks Relating to Our Business**

*Our business, and the value of the stock to be issued by CBOT Holdings and the memberships to be issued by the CBOT subsidiary, are subject to the following risks, which include risks relating to the industry in which we operate.*

#### ***As a Result of Reduction in Our Workforce, We May Lack Sufficient Personnel to Run CBOT Holdings and the CBOT Subsidiary***

We have experienced a significant reduction in staffing over the last two years. From January 1, 2000 through December 15, 2002, the number of our employees decreased by 188, which represented about a 22% reduction in our total workforce. We cannot assure you that we will be able to continue to successfully run our business with this reduced number of employees. We may desire or need to recruit additional employees. However, we cannot assure you that we can successfully recruit these persons.

#### ***We Depend on Our Executive Officers and Other Key Personnel***

Our future success depends, in significant part, upon the continued service of our executive officers, as well as various key management, technical and trading operations personnel. In particular, we believe that it is difficult to hire and retain executive management with the skills and abilities desirable for managing and operating a futures exchange. For example, our former chief executive officer recently resigned from his position. The loss of these additional key people could have a material adverse effect on our business, financial condition and operating results. We cannot assure you that any of our other key personnel will not voluntarily terminate his or her employment with us.

Our future success also will depend in significant part on our ability to recruit and retain highly skilled and often specialized individuals as employees, particularly in light of the rapid pace of technological advances. The level of competition in our industry for people with these skills is intense, and from time to time we have experienced losses of key employees. Significant losses of key personnel, particularly to other employers with which we compete, could have a material adverse effect on our business, financial condition and operating results.

#### ***We May Not Effectively Manage Our Growth***

We intend to develop and expand our business, including both our open outcry and electronic trading systems. This growth may place a significant strain on our management, personnel, systems and resources. We must continue to improve our operational and financial systems and managerial controls and procedures, and we will need to continue to expand, train and manage our technology workforce. We must also maintain close coordination among our technology, compliance, accounting, finance, marketing and sales organizations. We cannot assure you that we will manage our growth effectively, and failure to do so could have a material adverse effect on our business, financial condition and operating results.

#### ***Our Decision to Operate Both Pit-Based, Open Outcry Trading and Electronic Trading, Including Our Commitment to Maintain Open Outcry Markets, May Materially Adversely Affect Our Operating Costs, Markets and Profitability***

It is expensive in terms of costs and management and other resources to continue operating two trading systems for the same products. Our current business strategy involves the operation of both pit-based, open outcry

trading and electronic trading systems for our products. In addition, the certificate of incorporation of the CBOT subsidiary will contain a provision generally requiring the CBOT subsidiary to maintain current open outcry markets so long as each such market is deemed liquid under the terms of the certificate of incorporation unless the discontinuance of any such market is approved by the holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary in accordance with the certificate of incorporation of the CBOT subsidiary. As a result, the CBOT subsidiary will be obligated under the terms of its certificate of incorporation to provide financial and other support to these markets. We may not have sufficient resources to adequately fund or manage both trading systems. This may result in resource allocation decisions that adversely impact one or both systems. Also, if we continue to operate both trading systems, liquidity on each may be less than the liquidity on a competitive unified trading system, making our trading systems less attractive and less competitive. As a result, our total revenues may be lower than if we operated only open outcry trading or only electronic trading. Moreover, to the extent that we continue to operate two trading systems, our boards and management may make decisions which are designed to enhance the continued viability of two separate trading systems. These decisions may have a negative impact on the overall competitiveness of each trading system.

***We are Subject to Certain Risks Associated with the Globalization of Our Business***

We expect that the expansion of our electronic markets will increase the portion of our business that is generated from outside the United States. The globalization of our business presents a number of inherent risks, including, among other things, the following:

- potential difficulty of enforcing agreements and collecting receivables through certain foreign legal systems;
- the evolving global tax treatment of electronic commerce, and the possibility that foreign governments could adopt onerous or inconsistent tax policies with respect to taxation of products traded on our markets or of the services that we provide;
- tax rates in certain foreign countries may exceed those of the United States and foreign earnings may be subject to withholding requirements or the imposition of tariffs, exchange controls or other restrictions;
- listed derivatives markets are regulated in most developed nations, and it may be impractical for us to secure or maintain the regulatory approvals necessary for our markets to be accessible from one or more nations;
- certain of our expenses are denominated in foreign currencies, including expenses relating to the a/c/e system denominated in euros, which exposes us to the risk of fluctuating exchange rates and we may not fully eliminate this risk through our hedging activity;
- general economic and political conditions in the countries from which our markets are accessed may have an adverse effect on our trading from those countries; and
- it may be difficult to enforce our intellectual property rights in certain foreign countries.

As we expand our business globally, our success will be dependent, in part, on our ability to anticipate and manage these and other risks effectively. We cannot assure you that these and other factors will not have a material adverse effect on our business as a whole.

***Our Market Data Fees May be Reduced or Eliminated by the Growth of Electronic Trading and Electronic Order Entry Systems***

We sell our market data to vendors who distribute such data to persons or entities that use or monitor our markets. In the nine months ended September 30, 2002, revenue from the sale of market data represented about 19% of our total revenue. Electronic trading systems, including the a/c/e system, do not usually impose separate

charges and therefore realize revenue from the distribution of market data to trading terminals. If electronic trading of our products continues to grow and trading terminals with access to our markets become more widely available, we can expect to lose market data fee revenue from those who have access to trading terminals that make our products available. We may experience a reduction in our revenues if we are unable to recover that lost revenue through terminal usage fees or transaction fees.

***We May Not Be Successful in Executing Our Electronic Trading Strategy***

We have committed substantial resources to develop our electronic trading capabilities. We began to offer our products electronically over the a/c/e system in August 2000 and, upon the termination of our contractual arrangements relating to that system, we intend to transfer our electronic trading operations to the LIFFE CONNECT™ system provided by LIFFE. In implementing the a/c/e system and in transitioning from the a/c/e system to LIFFE CONNECT™, we have balanced the desire to maximize system functionality against the associated costs, in both capital expenditure and time to market. While we believe these decisions will benefit our electronic trading capabilities, we cannot assure you these initiatives will be successful. For instance:

- contract volume may be lower than the break-even volume on which we budgeted costs for the a/c/e system or LIFFE CONNECT™, either because overall volume is lower than our projections, because the portion of volume traded electronically is lower than we projected or because our market share is lower than we projected;
- competitors that offer systems capable of 24-hour trading may gain a competitive advantage over the a/c/e system or LIFFE CONNECT™, which are not yet capable of operating 24 hours a day; and
- users may prefer the features and technology of other systems or products of other exchanges over ours.

***We Are Subject to Certain Risks Relating to the Operation of an Electronic Trading Market***

The a/c/e system, which we currently rely upon for offering electronic trading of our products, is the result of an alliance between the CBOT and the Eurex Group. In 2001, certain disputes between the CBOT and the Eurex Group developed concerning, among other things, our obligation to participate in the cost of certain software upgrades, the development of an equity options market in the United States and the structure and function of CBOT/Eurex Alliance, L.L.C., the joint venture company that we co-own with the Eurex Group. In 2002, we resolved these disputes by entering into agreements with the Eurex Group, which collectively modified the structure of our relationship with the Eurex Group from an alliance to an outsourcing arrangement. As a result, we have relinquished co-ownership of the a/c/e system software and have no further joint development obligations. In connection with these agreements, we acknowledged Eurex's right to engage in equity options trading in the United States and we have agreed that CBOT/Eurex Alliance would have no further role in the operation of the a/c/e system. We now have a non-exclusive license to use the a/c/e system software and certain modifications until December 31, 2003, after which time we plan to begin use of the LIFFE CONNECT™ system software pursuant to arrangements with LIFFE entered into in January 2003. We have also entered into related arrangements to obtain system operation and software maintenance services from the Eurex Group until December 31, 2003. In January 2003, the CBOT board of directors selected LIFFE to become the supplier of the CBOT's electronic trading system upon the expiration of our current arrangements with the Eurex Group. On January 10, 2003, the CBOT entered into a software license agreement with LIFFE for use of the LIFFE CONNECT™ software system, and we expect to enter into other agreements with LIFFE during the first half of 2003 with respect to the implementation and operation of the system. If our relationship with the Eurex Group is terminated early, our agreements provide for the provision of certain limited transition services while we transition to the LIFFE CONNECT™ system. However, we cannot assure you that we will be able to transition between software systems in a timely or cost-effective manner, nor can we assure you that our decision to transition to the LIFFE CONNECT™ system will achieve the functionality and cost benefits that we currently expect. In addition, we cannot assure you that the Eurex Group would provide such transition services if the alliance is terminated as a result of a party's breach of such agreements.

In addition, we are subject to risks relating generally to the provision of electronic transaction services which include our failure or inability to:

- acquire, develop or implement new, enhanced or updated versions of electronic trading software;
- attract independent software vendors to write front-end software that effectively accesses our electronic trading system;
- increase the number of devices, e.g., trading and order routing terminals, capable of sending orders to our floor and to our electronic trading system; and
- respond effectively to technological developments or service offerings by competitors.

If our electronic trading operations are not successful, our business or future financial condition or operating results could be materially adversely affected.

***Intense Competition Could Materially Adversely Affect Our Market Share and Financial Performance***

The futures industry is highly competitive. Many of our competitors and potential competitors are more established or have greater financial resources than we do. We expect that competition will intensify in the future as a result of continuing consolidation in the futures exchange industry and the increasing automation of risk management services. Many of our competitors also have greater marketing capabilities and financial, technological and personnel resources.

Competitive pressures may cause us to re-evaluate our current business model and strategy. For example, in an industry where substantially all derivatives are traded electronically, the concept of an open outcry exchange, including the services we provide and our sources of revenue, may change swiftly and substantially. Increased development of the electronic trading markets could substantially increase competition for some or all of the products and services we currently provide.

In addition, our competitors may:

- respond more quickly to competitive pressures due to their corporate governance structures, which may be more flexible and efficient than our corporate-governance structure;
- develop similar products that are preferred by our customers;
- develop non-traditional alternative risk transfer products that compete with our products;
- price their products and services more competitively;
- develop and expand their network infrastructures and service offerings more efficiently;
- adapt more swiftly to new or emerging technologies and changes in client requirements;
- utilize better, more user-friendly and more reliable technology;
- take greater advantage of acquisitions, alliances and other opportunities;
- more effectively market, promote and sell their products and services;
- better leverage existing relationships with clients and strategic partners or exploit better recognized brand names to market, distribute and sell their services; and
- exploit regulatory disparities between traditional, regulated exchanges and alternative markets that benefit from a reduced regulatory burden and a lower-cost business model.

Our current and prospective competitors are numerous and include securities exchanges, futures and options exchanges, market data and information vendors, electronic communications networks, crossing systems and

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similar entities, consortia of large customers and some of our clearing member firms and interdealer brokerage firms. For example, Eurex has recently announced that it intends to begin to offer in early 2004 trading in various US. markets of U.S. interest rate futures in competition with our products. We may also face competition from computer software companies and media and technology companies. The number of businesses providing internet-related financial services, which are sometimes referred to as “e-commerce” businesses, has grown rapidly, and other companies have entered into, or are forming, joint ventures or consortia to provide services similar to those provided by us. Further, many of our competitors are already for-profit companies with more modern corporate governance structures that enable them to make decisions more quickly and efficiently and enhance their overall competitiveness. For more information concerning the competitive nature of our industry and the challenges we face, see “Our Business—Competition.”

As a result of this intense competition, we cannot assure you that we will be able to retain our current customers or attract new customers to our markets, products and services. In addition, we cannot assure you that we will not lose customers because of more economical alternatives offered from competitors with comparable or possibly superior products, services or trade execution services. Our business could be adversely affected if we fail to attract new customers or lose a substantial number of our current customers to competitors.

### ***We Are Dependent Upon the Clearing Services of the Board of Trade Clearing Corporation***

Currently, all of the contracts traded on the CBOT and on our wholly owned subsidiary, the MidAmerica Commodity Exchange, are cleared through the Board of Trade Clearing Corporation, or “BOTCC.” BOTCC has agreements with our clearing members to provide clearing services and data processing with respect to transactions on the CBOT and the MidAmerica Exchange. Although BOTCC has agreed to provide its services to our clearing members, you should be aware that the loss of any of its services with respect to transactions on the CBOT may have a material adverse effect on our operations. In addition, BOTCC has entered into arrangements to provide clearing or processing services to parties unaffiliated and, in certain instances, in direct competition, with the CBOT. As a result, the CBOT may experience some loss of service as a result of BOTCC’s reallocation of resources, which could also have a material adverse effect on our operations.

We currently do not have a written contract with BOTCC that would obligate it to continue to provide its clearing services to our clearing members. Although we may consider negotiating such a written contract with BOTCC, we cannot assure you that we will determine to do so or, if necessary, that we will be able to obtain alternative clearing and data processing arrangements in a timely or cost-effective manner.

### ***Computer and Communications Systems Failures and Capacity Constraints Could Harm Our Reputation and Our Business***

Our failure to operate, monitor or maintain our computer systems and network services or, if necessary, to find a replacement for our technology in a timely and cost-effective manner could have a material adverse effect on our reputation, business, financial condition and operating results. We rely and expect to continue to rely on third parties for various computer and communications systems, such as telephone companies, on-line service providers, data processors, clearance organizations and software and hardware vendors. Our systems or those of our third party providers may fail, causing one or more of the following effects:

- unanticipated disruptions in service to customers;
- slower response times;
- delays in trade execution;

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- decreased customer satisfaction;
- incomplete or inaccurate accounting, recording or processing of trades;
- financial losses;
- security breaches;
- litigation or other customer claims; and
- regulatory sanctions.

Our status as a Commodity Futures Trading Commission registrant requires that our trade execution and communications systems be able to handle anticipated present and future peak trading volume. Heavy use of our computer systems during peak trading times or at times of unusual market volatility could cause our systems to operate slowly or even to fail for periods of time. We constantly monitor system loads and performance and regularly implement system upgrades to handle estimated increases in trading volume. However, we cannot assure you that our estimates of future trading volume will be accurate or that our systems will always be able to accommodate actual trading volume without failure or degradation of performance. System failure or degradation could lead our customers to file formal complaints with industry regulatory organizations, file lawsuits against us or cease doing business with us or could lead the CFTC or other regulators to initiate inquiries or proceedings for failure to comply with applicable laws and regulations.

In addition, we cannot assure you that we will not experience system failures, outages or interruptions that will materially adversely affect our business. Any failures that cause an interruption in service or decrease our responsiveness, including failures caused by customer error or misuse of our systems, could impair our reputation, damage our brand name and have a material adverse effect on our business, financial condition and operating results.

### ***We Depend on Third Party Suppliers for a Number of Services That Are Important to Our Business***

We depend on a number of suppliers, such as banking, clearing and settlement organizations, telephone companies, online service providers, data processors, and software and hardware vendors for elements of our trading, clearing and other systems, as well as communications and networking equipment, computer hardware and software and related support and maintenance. We cannot assure you that any of these providers will be able to continue to provide these services in an efficient, cost-effective manner or that they will be able to adequately expand their services to meet our needs. An interruption in or the cessation of service by any service provider and our inability to make alternative arrangements in a timely manner, or at all, could have a material adverse effect on our business, financial condition and operating results.

### ***Our Networks and Those of Our Third Party Service Providers May be Vulnerable to Security Risks***

We expect the secure transmission of confidential information over public networks to continue to be a critical element of our operations. Our networks and those of our third party service providers, our member firms and our customers may be vulnerable to unauthorized access, computer viruses and other security problems. Persons who circumvent security measures could wrongfully use our information or cause interruptions or malfunctions in our operations, any of which could have a material adverse effect on our business, financial condition and operating results. We may be required to expend significant resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by any breaches. Although we intend to continue to implement industry-standard security measures, these measures may prove to

be inadequate and result in system failures and delays that could lower trading volume and have an adverse effect on our business, financial condition and operating results.

***We May Not Be Able to Keep Up With Rapid Technological Changes***

To remain competitive, we must continue to enhance and improve the responsiveness, functionality, accessibility and features of our proprietary software, network distribution systems and other technologies. The financial services and e-commerce industries are characterized by rapid technological change, changes in use and customer requirements and preferences, frequent product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render obsolete our existing proprietary technology and systems. Our success will depend, in part, on our ability to:

- develop or license leading technologies useful in our business;
- enhance our existing services;
- develop new services and technology that address the increasingly sophisticated and varied needs of our existing and prospective clients; and
- respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis.

We cannot assure you that we will be able to successfully implement new technologies or adapt our proprietary technology and transaction-processing systems to customer requirements or emerging industry standards. We cannot assure you that we will be able to respond in a timely manner to changing market conditions or customer requirements, and a failure to so respond could have a material adverse effect on our business, financial condition and operating results.

***Declines in the Global Financial Markets May Materially Adversely Affect Our Business***

Adverse economic and political conditions may cause declines in global financial markets and may affect our operating results. The global financial services business is, by its nature, risky and volatile and is directly affected by many national and international factors that are beyond our control. Any one of these factors may cause a substantial decline in the global financial services markets, resulting in reduced trading volume. These events could materially adversely affect our business. These factors include:

- economic and political conditions in the United States and elsewhere in the world;
- wavering institutional/consumer confidence levels;
- the availability of cash for investment by mutual funds and other wholesale and retail investors; and
- legislative and regulatory changes.

In particular, U.S. Treasury bond futures and options contracts comprised about 27% of our financial product volume and about 21% of our total transaction volume for the year ended December 31, 2002. On October 31, 2001, the U.S. Treasury announced its decision to halt the issuance of 30-year bonds. Further reductions in the amount of U.S. Treasury bonds outstanding or adverse changes in investors' preferences for futures contracts on fixed income obligations issued or backed by the U.S. Government, including increased demand by investors in fixed income obligations with shorter-term maturities, may adversely affect our business, financial condition and operating results.

***Strategic Alliances May Not Generate Increased Trading in Our Marketplaces***

We currently believe that strategic alliances could play an important role in our long-term success. However, we cannot assure you that any strategic alliance that we may enter into will be successful or otherwise

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contribute to the growth of our business. In the future, we may seek to enter into alliances or other arrangements with other parties. However, we cannot provide you any assurances as to our success in this regard. We cannot assure you that we will be successful in either developing, or fulfilling the objectives of, any such alliance. Our participation in these alliances may strain our resources and may limit our ability to pursue other strategic and business initiatives.

### ***Our Operating Results Are Subject to Fluctuations as a Result of Seasonality***

Certain factors beyond our control, including the seasonality of the futures industry, may contribute to fluctuations in our operating results, including our quarterly results. In particular, we have experienced relatively higher volume during certain quarters and lower trading volume during other quarters. As a result of this seasonality, our operating results for any particular period may not be indicative of our future performance.

### ***Our Business is Subject to Risks Related to Our Real Estate Holdings***

Revenue from our building services operations represented about 8% of our operating revenue for the nine-month period ended September 30, 2002. Lower occupancy rates, market rental rates and non-renewal of leases by tenants could have a material adverse effect on our future business services revenue, overall financial condition and operating results. Any decrease in leased space could also affect future building service revenue if there is no corresponding demand for the vacated office space. Furthermore, most of our tenants are engaged in businesses that are directly or indirectly related to the brokerage/trading industry or related areas of financial services and adverse business conditions affecting those businesses could have a material adverse effect on our occupancy rates and building services revenues.

### **Risks Relating to Regulation and Litigation**

*We are subject to the following risks in connection with the regulation of, and litigation relating to, our business.*

#### ***We May Not Be Able to Maintain Our Self-Regulatory Responsibilities***

Some financial services regulators have publicly stated their concerns about the ability of a financial exchange, organized as a for-profit corporation, to adequately discharge its self-regulatory responsibilities. Our regulatory programs and capabilities contribute significantly to our brand name and reputation. Although we believe that we will be permitted to maintain these responsibilities, we cannot assure you that we will not be required to modify or restructure our regulatory functions in order to address these or other concerns. Any such modifications or restructuring of our regulatory functions could entail material costs, which we have not currently planned for.

#### ***We Are Subject to Significant Risks of Litigation***

Many aspects of our business involve substantial risks of liability. Dissatisfied customers frequently make claims regarding quality of trade execution, improperly settled trades, mismanagement or even fraud against their service providers. We may become subject to these claims as the result of failures or malfunctions of systems and services provided by us. We could incur significant legal expenses defending claims, even those without merit. Although the Commodity Exchange Act and our Commodity Futures Trading Commission-approved disclaimer and limitation of liability rules offer us some protections, an adverse resolution of any lawsuits or claims against us could have a material adverse effect on our reputation, business, financial condition and operating results.

We are subject to litigation in which plaintiffs are seeking significant monetary recovery from the CBOT. Currently, one matter in which we have recently received a favorable judgment, but which remains subject to



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appeal, involves a damage claim that could exceed \$50 million. We cannot assure you that we will be successful in defending this matter or any other matters, and resulting adverse judgments could have a material adverse effect on our financial condition. In addition, we have been subject to legal proceedings and claims as a result of the restructuring transactions. See “Our Business—Legal Proceedings—Lawsuit Brought By Certain Associate Members and Membership Interest Holders” and “Our Business—Legal Proceedings—Chicago Board Options Exchange Dispute.”

### ***Any Infringement by Us on Patent Rights of Others Could Result in Litigation and Could Materially Adversely Affect Our Operations***

Our competitors as well as other companies and individuals may obtain, and may be expected to obtain in the future, patents that concern products or services related to the types of products and services we offer or plan to offer. We cannot assure you that we are or will be aware of all patents containing claims that may pose a risk of infringement by our products, services or technologies. In general, if one or more of our products, services or technologies were to infringe patents held by others, we may be required to stop developing or marketing the products, services or technologies, to obtain licenses to develop and market the services from the holders of the patents or to redesign the products, services or technologies in such a way as to avoid infringing on the patent claims. If we were unable to obtain these licenses, we may not be able to redesign our products, services or technologies to avoid infringement, which could materially adversely affect our business, financial condition and operating results.

### ***We May Not Be Able to Protect Our Intellectual Property Rights***

We rely primarily on trade secret, copyright, service mark, trademark law and contractual protections to protect our proprietary technology and other proprietary rights. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise obtain and use our proprietary technology without authorization or otherwise infringe on our rights. We also seek to protect our software and databases as trade secrets and under copyright law. We have copyright registrations for certain of our software, user manuals and databases. The copyright protection accorded to databases, however, is fairly limited. While the arrangement and selection of data generally are protectable, the actual data are not, and others may be free to create databases that would perform the same function. In some cases, including a number of our most important products, there may be no effective legal recourse against duplication by competitors. In addition, in the future, we may have to rely on litigation to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of others or defend against claims of infringement or invalidity. Any such litigation, whether successful or unsuccessful, could result in substantial costs to us and diversions of our resources, either of which could adversely affect our business.

### ***Misconduct Could Harm Us and is Difficult to Detect***

Although we perform significant self-regulatory functions, there have been a number of highly publicized cases involving fraud or other misconduct in the futures industry in recent years. We run the risk that the holders of Class B memberships in the CBOT subsidiary, other persons who use our markets or our employees will engage in fraud or other misconduct, which could result in regulatory sanctions and serious reputational harm. It is not always possible to deter misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases.

### ***The Existing Legal Framework for Our Industry Has Been Modified to Lower Barriers to Entry and Decrease Continuing Regulatory Costs for Competitors***

Our industry has been subject to several fundamental regulatory changes, including changes in the statute under which we have operated since 1974. The Commodity Exchange Act generally required all futures contracts to be executed on an exchange that has been approved by the Commodity Futures Trading Commission. The

exchange trading requirement was modified by CFTC regulations to permit privately negotiated swap contracts to be transacted in the over-the-counter market. The CFTC exemption under which the over-the-counter derivative market operated precluded the over-the-counter market from avoiding CFTC regulation for exchange-like electronic transaction systems and clearing. These regulatory restrictions on the over-the-counter market were repealed by the Commodity Futures Modernization Act of 2000. It is possible that the chief beneficiaries of the Commodity Futures Modernization Act will be over-the-counter dealers and competitors that operate or intend to open electronic trading facilities or to conduct their futures business directly among themselves on a bilateral basis. The customers who may access such electronic exchanges or engage in such bilateral private transactions are the same customers who conduct the vast majority of their financial business on regulated exchanges. The Commodity Futures Modernization Act also permits banks, broker-dealers and some of their affiliates to engage in foreign exchange futures transactions for or with retail customers without being subjected to regulation under the Commodity Exchange Act.

In the future, our industry may become subject to new regulations or changes in the interpretation or enforcement of existing regulations. We cannot predict the extent to which any future regulatory changes may adversely affect our business. For more information about potential changes in our regulatory environment, see “Our Business—Regulation—Changes in Existing Laws and Rules.”

#### **Risks Relating to Changes in Our Corporate Governance Structure**

*The following risks relate to the significant changes to our corporate governance structure that will occur as part of the restructuring transactions.*

##### ***Certain of Our Proposed Changes to Our Corporate Governance Structure May Reduce the Influence of the Members in the Day-to-Day Management and Operation of Our Business***

As a result of the completion of the restructuring transactions, our members will have somewhat less authority to control the day-to-day management and operation of our business. Following the completion of the restructuring transactions, the holders of the common stock of CBOT Holdings will have the right to vote on all matters upon which the stockholders of CBOT Holdings are entitled to vote generally. The holders of common stock of CBOT Holdings will also have the right to vote on any proposal that CBOT Holdings sell a significant amount of its assets to a third party or acquire, invest in or enter into a business in competition with the CBOT subsidiary’s then existing business. Further, it will require the consent of the common stockholders of CBOT Holdings for CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, to vote in favor of any proposal to merge the CBOT subsidiary with a third party, to sell a significant amount of the CBOT subsidiary’s assets to a third party, to cause the CBOT subsidiary to acquire, invest in or enter into a business in competition with the then existing business of the CBOT subsidiary, to remove or reduce the transfer restrictions applicable to the Class A membership or the Class B memberships in the CBOT subsidiary or to dissolve or liquidate the CBOT subsidiary.

In addition, the holders of the common stock of CBOT Holdings will be entitled to initiate and vote on proposals to adopt, repeal, or amend the bylaws of CBOT Holdings and make non-binding recommendations that the board of directors consider proposals that, as a matter of Delaware law, require the approval of the board of directors of CBOT Holdings. Any proposal by stockholders of CBOT Holdings may be brought to a vote at an annual meeting in accordance with the bylaws of CBOT Holdings, which will generally require advance notice of any proposal not less than 20, nor more than 60, days in advance of the first anniversary of the mailing of proxy materials for the preceding year’s annual meeting. Stockholders holding at least 10% of the outstanding common stock (that is, 3,980,265 shares) may also require that a special meeting be called. Any stockholder proposal will require the approval of a majority of the votes cast at such annual or special meeting. Stockholders will not have authority to take action by written consent of stockholders.

CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, will have the right to vote on all matters upon which the members of the CBOT subsidiary will be entitled to vote generally. However, as described above, the holders of Series B-1 and Series B-2, Class B memberships will have the exclusive right among members (including the Class A member) to initiate and vote on amendments to the bylaws of the CBOT subsidiary and to vote on any proposed amendment to the certificate of incorporation or bylaws of the CBOT subsidiary that would adversely affect the core rights. In addition, CBOT Holdings, as the

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holder of the sole Class A membership in the CBOT subsidiary, will have the right to vote on any proposal to merge the CBOT subsidiary with a third party, to sell a significant amount of the CBOT subsidiary's assets to a third party, to cause the CBOT subsidiary to acquire, invest in or enter into a business in competition with the then existing business of the CBOT subsidiary, to remove or reduce the transfer restrictions applicable to the Class A membership or the Class B memberships in the CBOT subsidiary or to dissolve or liquidate the CBOT subsidiary. However, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) for CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, to vote in favor of any such proposal.

In addition, holders of Series B-1 and B-2, Class B memberships will have the right to initiate and vote on, without the approval of the board of directors of the CBOT subsidiary, proposals to adopt, repeal or amend the bylaws of the CBOT subsidiary. They can also make non-binding recommendations that the board of directors consider proposals that, as a matter of Delaware law, require the approval of the board of directors of the CBOT subsidiary. Also, convening special meetings of members of the CBOT subsidiary will require 154 votes of the holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary acting together as a single class based on their respective voting rights.

Collectively, these changes may reduce the influence of our members and may lead to decisions and outcomes that differ from those made under our current certificate of incorporation, bylaws and rules and regulations.

### ***Delaware Law May Protect Decisions of the Board of Directors That Have Differing Effects on the Holders of Class A, Class B and Class C Memberships in the CBOT Subsidiary***

In the context of stock corporations, Delaware law generally provides that a board of directors owes an equal duty to all stockholders, regardless of class or series, and does not provide separate or additional duties to any particular group of stockholders. As a nonstock corporation with multiple classes of memberships, the board of directors of the CBOT subsidiary may have similar obligations to the holders of each class of membership. Moreover, the certificate of incorporation of the CBOT subsidiary will include unique provisions that are intended to protect the core rights associated with the trading rights and privileges of the holders of Class B memberships, which include, among other things, a commitment to maintain current open outcry markets so long as each such market is deemed liquid under the terms of the certificate of incorporation unless the discontinuance of any such market is approved by the holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary in accordance with the certificate of incorporation. Such provisions may have the effect of requiring the board of directors to make certain decisions that would benefit one or more series of Class B members but not the Class A members or Class C members, or which would affect the Class C members, the Class A members and one or more series of Class B members differently.

More generally, the board of directors of the CBOT subsidiary may make decisions that may have the effect of benefitting one class of membership over the other, or which affect the holders of each class or series of membership differently. Delaware law will generally protect these decisions so long as the board of directors of the CBOT subsidiary acts in a disinterested, informed manner with respect to these decisions, in good faith and in the belief that it is acting in the best interests of the corporation and its members generally.

### ***Effects of Certain Provisions Could Enable the Board of Directors of CBOT Holdings to Prevent or Delay a Change of Control***

Some of the provisions of the certificate of incorporation and bylaws of CBOT Holdings, could, together or separately:

- discourage potential acquisition proposals;
- delay or prevent a change in control; or
- limit the price that investors might be willing to pay in the future for shares of the common stock of CBOT Holdings.

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CBOT Holdings' certificate of incorporation and bylaws will provide, among other things, that the common stock of CBOT Holdings will be subject to significant transfer restrictions and that stockholders may not take action by written consent. These provisions could prevent or delay a change of control or could limit the price some investors might be willing to pay in the future for shares of common stock of CBOT Holdings.

Following the completion of the restructuring transactions, a change of control of the CBOT subsidiary could not occur without the consent of CBOT Holdings as the holder of the sole Class A membership. Moreover, as described in greater detail elsewhere in this document, the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) must be obtained in order for CBOT Holdings to vote in favor of a change of control transaction involving the CBOT subsidiary.

## THE RESTRUCTURING TRANSACTIONS

### Overview

As a result of rapidly evolving changes in the futures industry, principally the increasing importance of electronic trading, we have determined that it is necessary to restructure our organization in order to enhance its competitiveness. Over the last several years, with the assistance of various outside advisors, we have conducted an ongoing and extensive evaluation process with respect to our need to restructure. As a result of this process, we have developed, and are proposing for approval by our Full Members and Associate Members, a series of transactions designed to restructure the CBOT.

The restructuring transactions are designed to demutualize our organization by creating a stock, for-profit holding company, CBOT Holdings, and distributing shares of common stock of CBOT Holdings to our members while maintaining the CBOT as a nonstock, for-profit subsidiary of CBOT Holdings in which the CBOT members will hold memberships entitling them to certain trading rights and privileges on the exchange operated by such subsidiary. These restructuring transactions are also designed to modernize our corporate governance structure by, among other things, adopting new mechanisms for initiating and voting on stockholder and member proposals, providing for a modest reduction in the size of our board and modifying the nomination and election process for directors as well as the terms of office and qualifications of directors, as described in greater detail elsewhere in this document. We believe that the completion of the restructuring transactions will enable us to enhance our competitiveness within the futures industry, including both the open outcry and electronic trading markets, while preserving our ability to provide member benefits and opportunity.

We currently anticipate that we will complete the restructuring transactions as soon as reasonably practicable following membership approval of the restructuring transactions, subject to receiving a favorable ruling from the Internal Revenue Service and/or an opinion of counsel and any required regulatory approvals from the Commodity Futures Trading Commission. However, our obligation to complete the restructuring transactions is subject to satisfaction or waiver of a number of conditions, including, among others, a condition that our board of directors shall not have determined that the restructuring transactions are no longer in the best interests of the CBOT and its members or are not fair to each class of CBOT membership. For more information about the IRS supplemental ruling and opinion of counsel, CFTC approvals and other conditions to our obligation to complete the restructuring transactions, see “—Regulatory Matters,” and “—Conditions to Completing the Restructuring Transactions.”

### Background of the Restructuring Transactions

#### *Development of the Restructuring Strategy*

The CBOT was organized in 1848 as a voluntary, unincorporated association to serve as an open outcry marketplace for the growing agricultural market in Chicago. In 1859, the Illinois General Assembly, by legislative act, granted us a special charter that incorporated our organization. In August 2000, the CBOT reincorporated in Delaware and currently exists as a Delaware nonstock, not-for-profit corporation.

Now in our 154th year of operation, we have become a leader in the domestic listed derivatives market (based on total volume of contracts traded). According to industry data provided by the Futures Industry Association, in the period from January 1, 2002 through September 30, 2002, about 6% of the global listed futures, options on futures and equity index market was traded on our markets. According to this data, we ranked fifth worldwide among futures exchanges in volume of contracts traded in the first nine months of 2002, transacting about 46% of the global listed agricultural futures and options contracts, e.g., wheat, corn, soybeans, and about 18% of the global listed financial futures and options contracts, e.g., U.S. Treasury bonds and notes. In addition, as the “Chicago Board of Trade,” we believe that we have one of the strongest brand names in the futures industry.

Competitive conditions in the futures industry have changed significantly in the last decade or more due to innovations in the computer and communications industries. As a result, maintaining our competitive position

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has become increasingly challenging. To meet the challenges and opportunities associated with the increasing importance of electronic trading, in 1992 we began to make our products available for electronic trading, initially, on the Globex system, and, beginning in 1994, on the Project A electronic trading system, which was operated by the electronic trading division of Ceres until August 25, 2000. On August 27, 2000, Ceres, through its participation in an alliance with the Eurex Group, began to operate the a/c/e electronic trading system. For the year ended December 31, 2002, total volume traded on the a/c/e/ system was about 129.3 million contracts.

Notwithstanding the success of the Globex system, Project A and other electronic trading initiatives, the Strategy Committee of our board of directors concluded in early 1999 that changes to our organizational structure were desirable in order to respond to the increasingly competitive challenges presented by electronic trading as well as other exchanges. This conclusion was adopted in a strategic plan approved by our board of directors in August 1999.

In addition, in July 1999, our board of directors established a Restructuring Task Force, composed of directors and non-director members of the CBOT. The Restructuring Task Force was charged with developing a restructuring strategy designed to modernize our organizational structure and a corporate governance mechanism designed to position us to compete more effectively in the evolving marketplace.

Over the following six months, the Restructuring Task Force conducted an extensive strategic analysis, assisted by the management of the CBOT, A.T. Kearney, Inc., a management consulting firm, Merrill Lynch & Co., an investment banking firm, Kirkland & Ellis, as legal counsel to the CBOT and the board of directors, and Piper Marbury Rudnick & Wolfe, as special legal counsel to the Restructuring Task Force.

As part of this strategic analysis, the Restructuring Task Force, together with its advisors, reviewed our business, including our organizational and corporate governance structures, and current industry trends and practices. The findings of the Restructuring Task Force formed the basis for a recommendation to our board of directors, which included objectives for a restructuring strategy and a detailed business outline, including alternative organizational structures.

*January 2000 Board Meeting.* In January 2000, our board of directors approved a general restructuring strategy recommended by the Restructuring Task Force, subject to the board of directors' further review, consideration and approval of the definitive terms and structure of the transactions designed to implement the strategy, which had not yet been formulated. The restructuring strategy generally contemplated the restructuring of the CBOT into two separate stock, for-profit companies, one conducting the CBOT's open outcry business and the other conducting the CBOT's electronic trading business, and the distribution of shares of stock in both companies to the current CBOT members. The strategy also contemplated the possibility that the then proposed electronic trading company might conduct an offering of shares of its stock to the public at or around the time of its separation from the open outcry company.

In addition, our board of directors at such time appointed two special committees of the board. One, the Implementation Committee, initially consisted of nine members of the board of directors and was chaired by the then current chairman of our board, David P. Brennan. The other members of the Implementation Committee were Charles P. Carey, Andrew J. Filipowski, Harold W. Lavender, Peter C. Lee, Veda Kaufman Levin, James P. McMillin, Joseph Niciforo and Michael P. Ryan. The Implementation Committee was directed to develop and recommend for the board's further review, consideration and approval the definitive terms and structure of the transactions designed to implement the restructuring strategy.

The other special committee, the Independent Allocation Committee, was composed solely of outside or non-member directors of the board and was chaired by former Illinois Governor James R. Thompson, the Chairman of the law firm, Winston & Strawn. The other members of the Independent Allocation Committee were Dr. Robert S. Hamada, the Dean and Edward Eagle Branch Distinguished Service Professor of Finance at the University of Chicago Graduate School of Business, Robert H. Michel, a former Republican leader of the U.S. House of Representatives and Senior Advisor at the law firm of Hogan & Hartson, and Ralph H. Weems, an

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independent farmer and former president of the American Soybean Association. Since no mechanism currently exists in our certificate of incorporation, bylaws or rules and regulations for allocating ownership in our organization among members in connection with a restructuring such as the one contemplated by the board, the Independent Allocation Committee was directed to develop and recommend for the board's further review, consideration and approval an appropriate and fair allocation of value among the members of the CBOT in connection with the transactions to implement the restructuring strategy, including the allocation to CBOT members of shares of stock of the then proposed open outcry trading and electronic trading companies.

The Implementation Committee continued the work of the Restructuring Task Force with assistance from the management of the CBOT and its outside advisors, including A.T. Kearney, Merrill Lynch, Kirkland & Ellis and Piper Marbury Rudnick & Wolfe. In particular, the Implementation Committee worked to develop the definitive terms and structure of transactions designed to effectuate the restructuring strategy, including a preliminary step necessary in order to proceed with the implementation of the restructuring strategy. This step involved the reincorporation of the CBOT in Delaware as a nonstock, not-for-profit corporation and was designed to cause the CBOT to be governed under a more modern and well developed legal framework so that the CBOT could more effectively accomplish its purposes. Among other things, unlike the law of Illinois then applicable to the CBOT, Delaware law provided the CBOT a more direct procedure pursuant to which it could change its status from that of a nonstock, not-for-profit corporation to that of a stock, for-profit corporation.

In addition to developing the terms of the transactions required to implement the reincorporation of the CBOT in Delaware, the Implementation Committee further refined and developed the original restructuring strategy. Concurrently, the Independent Allocation Committee, together with its advisors, the law firm of Winston & Strawn, as its sole special counsel, and the investment banking firm of William Blair & Company, L.L.C., as its sole financial advisor, worked to develop a recommended methodology for an appropriate and fair allocation of shares of common stock in both companies among the members in connection with implementation of the original restructuring strategy. The Independent Allocation Committee developed an allocation for recommendation as fair to the full board based on such methodology and instructed William Blair to give an opinion as to whether the proposed allocation was fair from a financial point a view to the various classes of members. For more information about the work of the Independent Allocation Committee, see “—Independent Allocation Committee of the Board.” In addition, Arthur Andersen LLP was retained by us to prepare a valuation analysis of Ceres and the limited partnership interests.

In early May 2000, the Independent Allocation Committee submitted to our board of directors its initial report, which summarized the allocation methodology recommended as appropriate by the Independent Allocation Committee and recommended as fair an allocation of shares of common stock in both companies among the members in the ratio of 5.0 : 1.0 : 0.5 : 0.06 : 0.07 to each Full Member, Associate Member, GIM, IDEM and COM, respectively, in respect of their memberships in connection with the implementation of the original restructuring strategy. We sometimes refer to this allocation ratio among the respective classes of members in respect of their memberships as the “Allocation Ratio.” In reaching this conclusion, the Independent Allocation Committee received and considered an opinion of William Blair that the proposed allocation was fair, from a financial point of view, to each of the five classes of members. For more information about the development of the Allocation Ratio recommendation, see “—Independent Allocation Committee of the Board—Development of the Allocation Ratio” and “—Opinion of the Financial Advisor to the Independent Allocation Committee.”

Also in May 2000, our board of directors received a report prepared by the Implementation Committee, which provided additional information regarding, and refined certain aspects of, the original restructuring strategy. This report also contained a detailed description of the transactions required in order to implement the Delaware reincorporation and recommended that the Delaware reincorporation be approved and submitted to the CBOT membership for its approval.

*May 2000 Board Meeting.* At its May 16, 2000 meeting, our board of directors approved the transactions necessary to effect the Delaware reincorporation and directed that such transactions be submitted to the CBOT membership for a ballot vote. Following member approval, the reincorporation of the CBOT in Delaware as a nonstock, not-for-profit corporation was completed in August 2000. Shortly thereafter, we formed eCBOT as a wholly owned subsidiary of the CBOT for the purpose of later reorganizing our electronic trading business. The CBOT assigned its general and limited partnership interests in Ceres to eCBOT in September 2000.

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At the same May 2000 meeting, our board of directors also approved and adopted the report of the Independent Allocation Committee, including its recommendation regarding the methodology to be used with respect to the allocation of shares of common stock of the then proposed open outcry trading and electronic trading companies among the holders of Full, Associate, GIM, IDEM and COM Memberships in respect of their memberships and the allocation of such shares in accordance with the Allocation Ratio, subject to any changes in the factors underlying the assumptions that were used or reviewed in the preparation of the Independent Allocation Committee report and taking into account any adjustments to such allocation resulting from the terms of the reorganization of our electronic trading business, and further subject to the board's further review, consideration and approval of transactions necessary to implement the restructuring strategy. At this time, William Blair, as financial advisor to the Independent Allocation Committee, delivered its opinion to the Independent Allocation Committee and the board of directors that, based upon and subject to the matters set forth in the opinion, the proposed allocation of shares of common stock in the then proposed open outcry trading and electronic trading companies to each Full Member and Associate Member, and each holder of a GIM, IDEM and COM, respectively, was fair, from a financial point of view, to each of the five classes of members. At this time, Arthur Andersen provided a report to the board regarding its preliminary valuation analysis of Ceres as of May 16, 2000.

The board of directors also approved at this meeting the report of the Implementation Committee as a description of the restructuring strategy as it was then envisioned by the board of directors, subject to any changes in the factors underlying the assumptions that were used or reviewed in the preparation of the report, and subject to the board's further review, consideration and approval of the transactions necessary to implement the restructuring strategy.

Following the May board meeting, the management of the CBOT, with the assistance of its outside advisors, primarily consisting of Merrill Lynch, Kirkland & Ellis and Cap Gemini Ernst & Young, a management consulting firm, conducted an evaluation process with respect to the implementation of the original restructuring strategy and worked to develop detailed business plans for the then proposed open outcry trading and electronic trading companies envisioned by the original restructuring strategy.

Based upon this evaluation process and further analysis, management of the CBOT and the Executive Committee of our board of directors concluded that the original restructuring strategy should be substantially revised in light of a number of factors, including, among other things, increasing competitive pressures in the industry, the adverse changes in the capital markets, further review and analysis regarding the implementation and execution of the separate business plans of the then proposed open outcry trading and electronic trading companies, the overall financial status of the CBOT and the need for the CBOT to demutualize as quickly as possible so that it could enhance its competitive posture and improve its decision-making capability.

*August 2000 Board Meeting.* On August 31, 2000, management of the CBOT and the Executive Committee recommended to the board of directors that the original restructuring strategy be abandoned in favor of a substantially revised restructuring strategy. After careful consideration of the matters discussed and presented, the board of directors approved a revised restructuring strategy, which involved demutualizing the CBOT but not restructuring the CBOT into two separate, competing companies. Specifically, the revised strategy contemplated the following:

- converting the CBOT into a single Delaware stock, for-profit corporation, which would be focused on updated open outcry trading with enhanced technology, and distributing shares of common stock in such stock, for-profit company, representing both trading rights and privileges and equity ownership, to the current members;
- adopting a revised corporate governance structure, which would include substantially eliminating the membership petition process, streamlining the board of directors and making certain other changes to implement a more efficient decision-making process for the company; and
- reorganizing and consolidating the CBOT's electronic trading business, part of which is currently operated by Ceres, into eCBOT, which would be operated as a wholly owned subsidiary of the for-profit company.



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At this time, the board of directors determined that the original two-company strategy should be abandoned and that a simple demutualization plan involving the conversion of the CBOT into a single stock, for-profit company should be pursued instead. The board concluded that the revised strategy would enable each of the two businesses to be operated independently and in a more competitive manner but under a common ownership structure that would allow substantial sharing of resources and infrastructure.

The board's approval of the revised strategy was subject to its further review, consideration and approval of the definitive terms and structure of transactions designed to implement the revised restructuring strategy, including an appropriate and fair allocation of common stock of the then proposed stock, for-profit company among the members. On August 31, 2000, our board directed the Executive Committee and the management of the CBOT to develop and recommend for its further review and consideration the definitive terms and structure of transactions designed to implement this revised restructuring strategy.

Following the August board meeting, management and the Executive Committee, with the assistance of the CBOT's advisors, primarily consisting of Merrill Lynch and Kirkland & Ellis, worked to develop the terms and structure of transactions designed to implement the revised restructuring strategy. In addition, Arthur Andersen LLP was retained by us and our eCBOT subsidiary to prepare a valuation analysis of Ceres and its limited partnership interests in connection with the reorganization and consolidation of our electronic trading business, part of which is currently operated by Ceres, into eCBOT. Shortly thereafter, Arthur Andersen was also engaged to evaluate the fairness, from a financial point of view, to Ceres and each class of its limited partners of the consideration to be received by each limited partner in exchange for their respective limited partnership interests pursuant to the Ceres merger as described further below. Concurrently, the Independent Allocation Committee consulted with its legal and financial advisors and updated its recommendation as fair of an allocation in accordance with the Allocation Ratio of shares of common stock of the single company among the members in respect of their memberships in the context of the transactions to implement the revised restructuring strategy. The Independent Allocation Committee instructed its financial advisor to give an opinion as to whether the proposed allocation was fair from a financial point of view to the various classes of members.

*November 2000 Board Meeting.* On November 21, 2000, the Independent Allocation Committee reported on and provided to our board of directors its updated recommendation regarding the allocation of shares of common stock of the then proposed stock, for-profit company among the members in respect of their memberships in connection with the restructuring transactions. The Independent Allocation Committee recommended as fair an allocation in accordance with the Allocation Ratio of shares of common stock of the proposed stock, for-profit company among the members in respect of their memberships in connection with the restructuring transactions. The Independent Allocation Committee indicated that, in reaching this recommendation, it received and considered an updated opinion of William Blair that the proposed allocation was fair, from a financial point of view, to each of the five classes of members. For more information about the allocation recommendation and the additional work of the Independent Allocation Committee, see “—Independent Allocation Committee of the Board—November 2000 Update.”

At the same meeting, Arthur Andersen reported to our board regarding its valuation of Ceres and its limited partnership interests as of October 31, 2000. Arthur Andersen also reported that, subject to a review of the final terms of the restructuring transactions, it was prepared to deliver its opinion that the consideration to be received by each limited partner of Ceres in exchange for their respective limited partnership interests pursuant to the Ceres merger is fair, from a financial point of view, to Ceres and to each class of the Ceres limited partners.

*December 2000 Board Meeting.* At the December 12, 2000 meeting of the board of directors, the then current status of the restructuring transactions was reviewed and discussed. At this meeting, management and the Executive Committee presented to the board of directors a detailed update regarding the restructuring transactions. At this meeting, the board received a report from management regarding the restructuring transactions and the CBOT's business strategy. The board also received a report from Kirkland & Ellis concerning certain legal matters relating to the restructuring transactions.

In early January 2001, the Executive Committee met to consider certain refinements to the restructuring transactions proposed by the new chairman of the board of directors, who had been elected in December 2000

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and assumed office in January 2001. These refinements primarily related to the composition of the board of directors of the then proposed stock, for-profit company, the provisions to be included in the certificate of incorporation concerning certain core rights associated with the trading rights and privileges of certain common stockholders and clarifications regarding the importance of considering the expected effects, if any, of the restructuring transactions on the Chicago Board Options Exchange exercise right in making any determination that the restructuring transactions remain in the best interests of the CBOT and its members.

At its briefing meeting on January 9, 2001, the board of directors received a further update concerning the status of the restructuring transactions, including the refinements recommended by the Executive Committee and management. These matters were reviewed and discussed. Kirkland & Ellis answered questions with respect to certain aspects of the restructuring transactions.

On January 16, 2001, the Independent Allocation Committee, which, following the expiration of the terms of Dr. Hamada and Mr. Michel as directors as of January 1, 2001, was comprised of Governor Thompson and Mr. Weems, held a meeting for the purpose of considering the refinements to the restructuring transactions recommended by the Executive Committee and management. William Blair and Winston & Strawn, as advisors to the Independent Allocation Committee, participated in this meeting. The Independent Allocation Committee updated its recommendation as fair of an allocation in accordance with the Allocation Ratio of shares of common stock among the members in respect of their memberships and instructed William Blair to give an opinion as to whether the proposed allocation was fair from a financial point of view to the various classes of members.

*January 2001 Board Meeting.* On January 16, 2001, immediately following the meeting of the Independent Allocation Committee, a meeting of the board of directors was held for the purpose of considering the restructuring transactions. At this meeting, management and the Executive Committee presented to the board of directors for its review and consideration the proposed restructuring transactions. The board also received a report from the Executive Committee and management regarding the restructuring transactions and the CBOT's business strategy, including, among other things, the business purposes of the restructuring transactions. The Independent Allocation Committee reported to the board of directors that it had reviewed the refinements to the restructuring transactions recommended by the Executive Committee and management and confirmed its updated recommendation as fair of an allocation in accordance with the Allocation Ratio of shares of common stock of the then proposed stock, for-profit company among the members in respect of their memberships in connection with the restructuring transactions, as provided to the board at the November 21, 2000 meeting. The Independent Allocation Committee indicated that, in reaching this recommendation, it received and considered an updated opinion of William Blair that the proposed allocation was fair, from a financial point of view, to each of the five classes of CBOT members.

The board also received a report from Kirkland & Ellis concerning certain legal matters relating to the restructuring transactions as well as an overview of the terms and structure of the restructuring transactions. Kirkland & Ellis answered questions with respect to certain aspects of the restructuring transactions and provided an update regarding the then current status of various litigation and other matters relating to the restructuring transactions.

In addition, the board received an update from Arthur Andersen regarding its valuation of Ceres and the limited partnership interests as of November 30, 2000. Merrill Lynch, financial advisor to the CBOT in connection with the restructuring transactions, answered questions with respect to certain aspects of the restructuring transactions, the capital markets generally, industry trends and the competitive challenges currently facing the CBOT.

At this time, our board of directors approved and adopted the recommendation of the Independent Allocation Committee regarding the allocation in accordance with the Allocation Ratio of shares of common stock of the then proposed stock, for-profit company among the holders of Full, Associate, GIM, IDEM and COM Memberships in the CBOT in respect of their memberships in connection with the restructuring transactions, subject to any changes in the factors underlying the assumptions that were used or reviewed in the preparation of the Independent Allocation Committee updated report. In connection therewith, William Blair, as financial advisor to the Independent Allocation Committee, delivered its opinion to the Independent Allocation Committee and the board of directors that, based upon and subject to the matters set forth in the opinion, the

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proposed allocation was fair, from a financial point of view, to each of the five classes of members. For more information regarding this opinion, see “—Opinion of the Financial Advisor to the Independent Allocation Committee.”

Also at this time, Arthur Andersen delivered its opinion to the board of directors that, based on and subject to the matters set forth in the opinion, the consideration to be received by each limited partner in exchange for their respective limited partnership interests pursuant to the Ceres merger was fair, from a financial point of view, to Ceres and each class of its limited partners.

After careful consideration of the matters discussed and presented at this meeting, our board of directors determined that the restructuring transactions, taken as a whole, including the allocation methodology to be utilized in the demutualization for the allocation of shares of common stock of the then proposed stock, for-profit company among Full Members, Associate Members, GIMs, IDEMs and COMs in respect of their memberships and the allocation of such shares in accordance with the Allocation Ratio, and the terms of the Ceres merger, were in the best interests of CBOT and its members and fair to all classes of CBOT members. Accordingly, our board approved and authorized the restructuring transactions and determined to recommend to the membership of the CBOT that they vote to approve the restructuring transactions. In connection with such approval, two directors who were Associate Members voted in favor of the restructuring transactions, but indicated orally at the board meeting their intention to deliver to the Secretary of the CBOT written statements with respect to certain reservations regarding the proposed allocation of value in the then proposed stock, for-profit company. To date, the secretary of the CBOT has not received any such written statements.

The board’s approval of the restructuring transactions was subject to its determination, at the time of the mailing of the proxy statement and prospectus relating to the restructuring transactions, that the restructuring transactions remain in the best interests of the CBOT and its members and remain fair to all classes of CBOT members. For more information, see “—Conditions to Completing the Restructuring Transactions.”

Following the January 2001 board meeting, management and the Executive Committee, with the assistance of Kirkland & Ellis, worked to refine the terms and structure of the transactions designed to implement the revised restructuring strategy. Throughout this process, management and the Executive Committee continued to review the restructuring transactions to determine whether such transactions continued to best achieve the organization’s objectives with respect to the revised restructuring strategy, and whether the restructuring transactions offered the optimal organizational structure in light of further changes in competitive pressures in the industry, the continued adverse condition of the capital markets and the refinement of the CBOT’s long-term strategic objectives. During the summer of 2001, the CBOT and the Chicago Board Options Exchange met to discuss matters pertaining to the impact of the proposed restructuring on the exercise right.

As a result of this review, management of the CBOT and the Executive Committee of our board of directors determined that the board of directors should adopt certain refinements to the restructuring transactions, designed, in part, to provide the CBOT additional structural flexibility while retaining certain benefits associated with nonstock membership corporations in a manner that is consistent with the objectives of the revised restructuring strategy, including, among other things, refinements designed to demutualize the CBOT by creating a stock, for-profit holding company, CBOT Holdings, and distributing shares of common stock of CBOT Holdings to the current CBOT members, while maintaining the CBOT as a nonstock, for-profit subsidiary of CBOT Holdings in which the CBOT members would hold memberships entitling them to certain trading rights and privileges on the exchange operated by such subsidiary.

On September 13, 2001, the Independent Allocation Committee held a meeting for the purpose of reviewing the proposed refinements to the restructuring transactions recommended by management and the Executive Committee. William Blair and Winston & Strawn, as advisors to the Independent Allocation Committee, participated in the meeting. Kirkland & Ellis, as counsel to the CBOT, attended a portion of the meeting at the invitation of the Independent Allocation Committee to review these refinements to the restructuring transactions and developments with respect to the lawsuit brought by certain Associate Members, GIMs, IDEMs and COMs. For more information on this lawsuit, see “Risk Factors—Certain Members Have Filed a Complaint in Illinois State Court Challenging the Proposed Allocation of Equity in the CBOT.” On September 24, 2001, the Independent Allocation Committee held another meeting for the purpose of considering the proposed refinements to the

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restructuring transactions. William Blair and Winston & Strawn, as advisors to the Independent Allocation Committee, participated in the meeting. The Independent Allocation Committee updated its recommendation as fair of an allocation in accordance with the Allocation Ratio of shares of common stock of the proposed holding company among the members in respect of their memberships and instructed William Blair to give an opinion as to whether the proposed allocation was fair from a financial point of view to the various classes of members.

*September 2001 Board Meeting.* On September 24, 2001, at a special meeting of the board of directors, management of the CBOT and the Executive Committee recommended that the board of directors adopt and approve the proposed refinements to the restructuring transactions, which are designed, in part, to implement a holding company structure. Specifically as modified by the proposed refinements, the restructuring transactions contemplated the following:

- demutualizing the CBOT by creating a stock, for-profit holding company, CBOT Holdings, and distributing shares of common stock of CBOT Holdings to our members, while maintaining the CBOT as a nonstock, for-profit subsidiary of CBOT Holdings;
- adopting a revised corporate governance structure, which would include substantially eliminating the membership petition process, adopting a more modern mechanism for initiating and voting on stockholder proposals and making certain other changes designed to improve the CBOT's corporate decision-making process; and
- reorganizing and consolidating the CBOT's electronic trading business, part of which is currently operated by Ceres, into eCBOT, which would be operated as a wholly owned subsidiary of the CBOT subsidiary.

In connection with this recommendation, the board of directors received a report from Kirkland & Ellis concerning certain legal matters relating to the refinements to the restructuring transactions as well as an overview of the terms and structure of the restructuring transactions, as modified by the refinements recommended by management and the Executive Committee and a preliminary draft of an amendment to the registration statement marked to show changes necessary to implement such refinements.

In addition, Kirkland & Ellis made a presentation to the board of directors regarding certain legal issues relating to the proposed refinements to the restructuring transactions. These matters were reviewed and discussed. Kirkland & Ellis answered questions with respect to certain aspects of the restructuring transactions.

After careful consideration of the matters discussed and presented at this meeting, our board of directors determined that it was appropriate to defer further consideration of the proposed refinements to the restructuring transactions in order to provide the directors with additional time to more carefully review and evaluate the proposed refinements. Accordingly, a special meeting of the board was scheduled for October 2, 2001.

*October 2001 Board Meeting.* On October 2, 2001, at the special meeting of the board, the Independent Allocation Committee of the board reported on its resolution confirming its recommendation as fair of an allocation in accordance with the Allocation Ratio of shares of common stock of CBOT Holdings among the members in respect of their memberships in connection with the restructuring transactions as modified by the proposed refinements. The Independent Allocation Committee indicated that, in reaching this recommendation, it received and considered an updated opinion of William Blair that the proposed allocation was fair, from a financial point of view, to each of the five classes of members. In connection with the Independent Allocation Committee's recommendation, William Blair delivered its opinion, dated as of September 24, 2001, to the effect that the proposed allocation of shares of common stock of CBOT Holdings among the members in respect of their memberships in connection with the restructuring transactions as modified by the proposed refinements was fair, from a financial point of view, to each of the five classes of members.

At the same meeting of the board of directors, Arthur Andersen reported regarding, and delivered to the board of directors of the CBOT a valuation of Ceres and the limited partnership interests of Ceres as of June 30, 2001, and its opinion, dated as of October 2, 2001, to the effect that the distributions of cash payments to each of the limited partners of Ceres in exchange for their respective limited partnership interest as merger consideration pursuant to the Ceres merger, as proposed in connection with the restructuring transactions, as modified by the proposed refinements, was fair, from a financial point of view, to Ceres and each class of the limited partners of Ceres.

In addition, the board of directors reviewed and discussed the proposed refinements to the restructuring transactions as set forth in a then current draft registration statement and in a report prepared by Kirkland & Ellis, which had previously been distributed to the board in connection with the special meeting of the board of directors on September 24, 2001, concerning certain legal matters relating to the restructuring transactions as well as an overview of the terms and structure of the restructuring transactions as modified by the proposed refinements. Kirkland & Ellis answered questions with respect to certain aspects of the proposed refinements and with respect to the restructuring transactions generally.

After careful consideration of the matters discussed and presented, the board of directors determined that the refinements to the restructuring transactions, taken as a whole, were advisable, desirable and in the best interests of the CBOT and its members and fair to all classes of CBOT members, and approved and authorized the refinements to the restructuring transactions, including, among other things, refinements designed to demutualize the CBOT by creating a stock, for-profit holding company, CBOT Holdings, and distributing shares of common stock of CBOT Holdings to the current CBOT members, while maintaining the CBOT subsidiary as a for-profit, nonstock subsidiary of CBOT Holdings.

The board's approval of the refinements to the restructuring transactions was subject to its determination, at the time of the mailing of the proxy statement and prospectus relating to the restructuring transactions, that the refinements to the restructuring transactions remain in the best interests of the CBOT and its members and remain fair to all classes of CBOT members. For more information, see "—Conditions to Completing the Restructuring Transactions."

On December 18, 2001, the Independent Allocation Committee held a meeting for the purpose of considering the restructuring transactions as then proposed. William Blair and Winston & Strawn, as advisors to the Independent Allocation Committee, participated in this meeting. The Independent Allocation Committee updated its recommendation as fair of an allocation in accordance with the Allocation Ratio of shares of common stock of CBOT Holdings among the members in respect of their memberships and instructed William Blair to give an opinion as to whether the proposed allocation was fair from a financial point of view to the various classes of members.

*December 2001 Board Meeting.* On December 18, 2001, at a regular meeting of the board of directors, the board of directors of the CBOT reviewed and considered the restructuring transactions to be proposed to the CBOT membership and considered whether to approve the mailing of a proxy statement and prospectus relating to the restructuring transactions to the CBOT membership in connection with their consideration of the restructuring transactions. At this meeting, management and the Executive Committee addressed the board of directors concerning the proposed restructuring transactions. The Independent Allocation Committee reported to the board of directors that it had held a meeting immediately prior to this board meeting to consider the restructuring transactions, including its earlier recommendation regarding the allocation of shares of common stock of CBOT Holdings among the members in respect of their memberships in connection with the restructuring transactions as presented to the board at the October 2, 2001 meeting. The Independent Allocation Committee confirmed at this time its prior recommendation as fair of an allocation in accordance with the Allocation Ratio of shares of common stock of CBOT Holdings among the members in respect of their memberships in connection with the restructuring transactions. The Independent Allocation Committee indicated that, in reaching this recommendation, it received and considered William Blair's letter, dated December 18, 2001, updating its opinion, dated September 24, 2001, that the proposed allocation was fair, from a financial point of view, to each of the five classes of members.

The board also received a report from Kirkland & Ellis concerning the proposed restructuring transactions, including certain legal matters relating to the restructuring transactions. Kirkland & Ellis answered questions with respect to certain aspects of the restructuring transactions and provided a report regarding the then current status of various litigation and other matters relating to the restructuring transactions.

At this time, William Blair, as financial advisor to the Independent Allocation Committee, delivered its letter, dated December 18, 2001, updating its opinion, dated September 24, 2001, to the Independent Allocation Committee and the board of directors that, based upon and subject to the matters set forth in the opinion, the proposed allocation of shares of common stock of CBOT Holdings among the members in respect of their

memberships in connection with the restructuring transactions was fair, from a financial point of view, to each of the five classes of CBOT members.

In addition, the board received a report from Arthur Andersen regarding its valuation of Ceres and the limited partnership interests as of November 30, 2001 and its opinion, dated as of October 2, 2001, to the effect that the distributions of cash payments to each of the limited partners of Ceres in exchange for their respective limited partnership interest as merger consideration pursuant to the Ceres merger, as proposed in connection with the restructuring transactions was fair, from a financial point of view, to each of the classes of Ceres partnership interests.

After careful consideration of the matters discussed and presented at this and previous meetings, the CBOT board of directors determined that the restructuring transactions, taken as a whole, including the allocation methodology to be utilized in the demutualization for the allocation of shares of common stock of CBOT Holdings among the Full Members, Associate Members, GIMs, IDEMs and COMs in respect of their memberships and the allocation of such shares in accordance with the Allocation Ratio and the terms of the Ceres merger, were in the best interests of the CBOT and its members and were fair to all classes of CBOT members and approved the mailing of the proxy statement and prospectus relating to the restructuring transactions.

Following the December 2001 board meeting, Management and the Executive Committee considered an additional refinement to the restructuring transactions that would help ensure that in the immediate future only CBOT members would be holders of the common stock of CBOT Holdings. After careful consideration of this matter, Management and the Executive Committee determined that the board of directors should adopt transfer restrictions that are designed to link CBOT Holdings with the CBOT subsidiary until such time as the board of directors determines.

*January 2002 Board Meeting.* On January 17, 2002, at a special meeting of the board of directors of the CBOT, the CBOT board considered and, subject to confirmation by the Independent Allocation Committee of its recommendation regarding the proposed allocation of CBOT Holdings common stock among the CBOT members, approved certain modifications to the transfer restrictions that would be applicable to the CBOT Holdings common stock and the Class B memberships in the CBOT subsidiary. For more information regarding these restrictions, see “Description of Capital Stock and Memberships—Common Stock of CBOT Holdings—Transfer Restrictions.”

Following the January 2002 board meeting, management and the Executive Committee continued to review the restructuring transactions to determine whether the transactions would best achieve the organization’s objectives with respect to the restructuring strategy. In connection with this review, management and the Executive Committee determined that the objectives of the organization would be best achieved by proposing further refinements to the corporate governance structure that are generally designed to provide members of the CBOT subsidiary and stockholders of CBOT Holdings more rights than was previously contemplated as part of the restructuring transactions. In addition, as a result of recent revisions to the CBOT’s relationship with the Eurex Group and certain tax and other financial considerations, management and the Executive Committee determined that a reorganization of the electronic trading business at the time the restructuring transactions are completed would no longer best serve to achieve the organization’s objectives. Accordingly, management and the Executive Committee determined that the board of directors should approve refinements to the proposed restructuring transactions to delay the reorganization of the electronic trading business until the termination of the CBOT’s arrangements with the Eurex Group, which is currently expected to occur in December 2003.

In the spring of 2002, in connection with the preparation of materials relating to the lawsuit brought by certain Associate Members and GIMs, IDEMs and COMs, management learned that certain data relating to historical contract volume attributable to each membership class, which was previously provided by the CBOT to the Independent Allocation Committee and its financial advisor, was inaccurate. In particular, the inaccurate data overstated the amount of historical contract volume attributable to Full Members and IDEMs of the CBOT. As a result of this discovery, management conducted a thorough review of the process previously utilized to generate such data, corrected this process and delivered revised data to the Independent Allocation Committee and its financial advisor. On March 9, 2002, the Independent Allocation Committee held a meeting for the purpose of

discussing the inaccuracies in the historical contract volume data and the impact, if any, of such revised information on the fairness of the Allocation Ratio.

During the summer of 2002, management and the Executive Committee, with the assistance of the CBOT's advisors, continued to work to develop and refine the terms and structure of the restructuring transactions.

On September 13, 2002, the Independent Allocation Committee held a meeting for the purpose of reviewing the refinements to the restructuring transactions proposed to or adopted by the board of directors subsequent to the committee's meeting in March 2002 and the circumstances related to the CBOT's discovery of inaccuracies in the historical contract volume data provided to the committee. William Blair and Winston & Strawn, as advisors to the Independent Allocation Committee, participated in the meeting. In addition, Kirkland & Ellis, counsel to the CBOT, attended a portion of the meeting at the invitation of the Independent Allocation Committee to provide an update on the lawsuit brought by certain Associate Members and GIMs, IDEMs and COMs described elsewhere in this document. On September 17, 2002, the Independent Allocation Committee held another meeting for the purpose of considering the proposed refinements to the restructuring transactions, and the revised historical volume data. William Blair and Winston & Strawn, as advisors to the Independent Allocation Committee, participated in this meeting. The Independent Allocation Committee updated its recommendation as fair of an allocation in accordance with the Allocation Ratio of shares of common stock of CBOT Holdings among the members in respect of their memberships and instructed William Blair to give an opinion as to whether the proposed allocation was fair from a financial point of view to the various classes of members.

On September 17, 2002, at a regular meeting of the board of directors, the Executive Committee recommended that the board of directors adopt the proposed refinements to the restructuring transactions, including refinements to the proposed corporate governance structure that are generally designed to provide members of the CBOT subsidiary and stockholders of CBOT Holdings greater rights than previously contemplated as part of the restructuring transactions and the delay in the reorganization of the electronic trading business until the termination of the CBOT's current contractual arrangements with the Eurex Group, which is currently expected to occur in December 2003.

The Independent Allocation Committee reported to the board of directors that it had held a meeting immediately prior to this board meeting to consider, among other things, the proposed refinements to the restructuring transactions. The Independent Allocation Committee confirmed at this time its prior recommendation as fair of an allocation in accordance with the Allocation Ratio of shares of common stock of CBOT Holdings among the members in respect of their memberships. The Independent Allocation Committee indicated that, in reaching this recommendation, it received and considered William Blair's opinion, dated September 17, 2002, that the proposed allocation was fair, from a financial point of view, to each of the five classes of members.

The board also received a report from Kirkland & Ellis concerning the proposed restructuring transactions, including certain legal matters relating to the restructuring transactions. Kirkland & Ellis answered questions with respect to certain aspects of the restructuring transactions and provided a report regarding matters relating to the restructuring transactions. The board also received William Blair's opinion, dated September 17, 2002, to the Independent Allocation Committee and the board of directors, that, based upon and subject to the matters set forth in the opinion, the proposed allocation of shares of common stock of CBOT Holdings among the CBOT members in respect of their memberships in connection with the restructuring transactions was fair, from a financial point of view, to each of the five classes of CBOT members. For more information regarding this opinion, see "—Opinion of the Financial Advisor to the Independent Allocation Committee."

At the meeting, David Vitale, the then president and chief executive officer of the CBOT and a non-voting director, noted to the CBOT board of directors that he disagreed with the determinations made by the CBOT with regard to certain terms of the restructuring transactions. In particular, Mr. Vitale expressed his disagreement with the refinements to the corporate governance structure designed to provide members of the CBOT subsidiary and stockholders of CBOT Holdings greater rights than previously contemplated. As described in greater detail elsewhere in this document, Mr. Vitale voluntarily resigned from his positions with the CBOT in November 2002. For more information, see "Management and Executive Compensation."

After careful discussion of the matters discussed and presented at this and previous meetings, the CBOT board of directors determined that the restructuring transactions, taken as a whole, including the allocation methodology to be utilized in the demutualization for the allocation of shares of common stock of CBOT Holdings among the Full Members, Associate Members, GIMs, IDEMs, and COMs in respect of their memberships and the allocation of such shares in accordance with the Allocation Ratio are in the best interests of the CBOT and its members and are fair to all classes of CBOT members.

*Reasons for the Restructuring Strategy*

Our restructuring strategy is designed to respond to significant competitive challenges currently faced by the CBOT and to enhance the long-term value of the CBOT for its members. Current industry trends, including increased electronic trading of derivative securities, may threaten the long-term viability of traditional open outcry exchanges, including the CBOT. In fact, as reported by *Futures Industry Magazine*, in 1999, Eurex, an electronic derivatives exchange, overtook the CBOT to become the world's largest derivatives exchange based on contract volume. We believe that these industry trends are related, in large part, to shifting priorities of investors and members of exchanges, rapid advances in technology and electronic trading and the realignment of key industry participants.

*Shifting Priorities of Investors and Members.* We believe that institutional investors are demanding greater liquidity, lower cost and more efficient trade execution, enhanced access and a sophisticated supporting infrastructure. In addition, traditional open outcry exchanges are competing with new electronic markets, which are generally lower cost, more accessible, very focused, faster in trade execution and, increasingly, more liquid. These pressures are forcing traditional open outcry exchanges, such as the CBOT, to modernize in order to remain competitive.

Additional pressure is placed on the industry by the over-the-counter derivatives market, which is estimated by the Bank for International Settlements to have grown to over \$111 trillion in notional amount outstanding as of December 31, 2001. Although, according to the Bank for International Settlements, transaction volume in 2001 in over-the-counter derivatives grew more slowly than transaction volume in exchange-listed derivatives (11% to 21%), we believe that over-the-counter derivatives continue to pose a competitive threat to the sale of exchange-listed derivatives.

Members of exchanges are also under increasing pressure from clients and new entrants in the marketplace. As a result, we believe that members of exchanges are generally concerned about the long-term value of their memberships.

*Advances in Technology and Electronic Trading.* Technological innovations are creating new competitors and encouraging the development of electronic trading systems that are challenging traditional open outcry exchanges. According to industry data assembled by the CBOT, from 1995 through June 30, 2002, contract volume traded on open outcry derivatives exchanges has declined by over 35%, and electronic trading has grown by more than 95%. Based on industry trends outside the United States, we expect that electronic trading will account for virtually all overseas trading in the near future.

Some leading exchanges are already fully electronic and other leading exchanges are aggressively pursuing an electronic trading model. We believe that major securities exchanges and quotation systems, such as the New York Stock Exchange and the Nasdaq Stock Market, are under pressure from electronic communications networks. About one dozen electronic communications networks have been established in the United States, many during the last four years, by leading investment banks, broker-dealers and market makers, which are aligning themselves with multiple alternative systems. For example, according to *Internet Trading Magazine*, Goldman Sachs has made investments in four electronic communications networks. In addition, according to a special study prepared by the SEC's Division of Market Regulation, electronic communications networks have already captured about one-third of Nasdaq's trading volume.

The CBOT is facing increasing competition from electronic competitors. For example, Cantor/eSpeed has introduced an electronic trading system for cash bonds, futures on Treasury bonds and block over-the-counter



derivatives trades for large derivatives dealers. In addition, BrokerTec, which is owned by several of the largest United States and European investment banks, currently provides electronic, inter-dealer brokerage for Treasury bonds and euro-denominated sovereign debt, and introduced an electronic trading system for futures and other derivatives during the fourth quarter of 2001. While we have taken steps to enhance our competitiveness relative to electronic competitors, including our entry into an arrangement that grants eSpeed a license to distribute CBOT products on its electronic marketplaces, we believe that we will continue to be subject to intense competition from electronic competitors.

*Industry Realignment.* Some exchanges that have restructured in response to industry pressures have demutualized and have become for-profit entities. Through demutualization, exchanges are streamlining their corporate governance structure, quickening their organizational decision-making, improving their access to capital and technology, and enhancing their ability to quickly enter into strategic alliances. The Chicago Mercantile Exchange, the New York Mercantile Exchange and the Hong Kong Futures Exchange, among others, have already demutualized. Some exchanges have announced that they are planning initial public offerings to raise capital necessary for strategic endeavors. The Chicago Mercantile Exchange, Deutsche Börse, Toronto Stock Exchange, Euronext.liffe, the Australian Stock Exchange, and OM Gruppen AB are already publicly-held corporations. The New York Stock Exchange and Nasdaq have also each indicated at various times in the past that they have considered initial public offerings.

In addition to demutualization, we believe that the futures industry will consolidate pursuant to mergers and alliances of exchanges in order to achieve the economies of scale and expanded geographic reach necessary to remain competitive in a rapidly changing marketplace.

*Objectives of the Restructuring Strategy*

We have determined that it is desirable for the CBOT to restructure in response to the changing marketplace in order to meet two principal objectives. First, we believe that the current corporate governance structure of the CBOT, which is slow to respond and solely oriented towards delivering member benefits and supporting member opportunity rather than enterprise profitability, must be changed to adopt a more streamlined decision-making process, more focused on maximizing the value of the enterprise in addition to delivering member benefits and providing member opportunity. Second, the CBOT should have the capacity to rapidly react to the technological innovations that are currently shaping the futures industry.

With these objectives in mind, we evaluated a number of restructuring alternatives as described below at “—Strategic Alternatives Considered.” We determined that any new structure should incorporate both an updated open outcry exchange, in response to member demand, and an electronic marketplace, in response to competitive pressures.

*Strategic Alternatives Considered*

We initially considered four principal restructuring strategies, taking into account the relevant associated business, legal, tax and regulatory issues. Each alternative strategy incorporated a variation of the corporate structure and equity ownership of the entities. The principal restructuring strategies we considered included the following:

- maintaining the CBOT in its current form as a parent company and creating a separate electronic trading company as a subsidiary;
- restructuring the CBOT into two separate and independent for-profit, stock companies, one to conduct the open outcry trading business and the other to conduct the electronic trading business;
- organizing a single demutualized holding company with an open outcry subsidiary and an electronic trading company subsidiary; and
- operating the electronic trading business through the parent company and creating a subsidiary to operate our open outcry markets.

For some time, we considered pursuing a strategy of restructuring the CBOT into two separate for-profit, stock companies. As autonomous entities, each with a separate business focus, we initially believed that each of the companies would be well positioned to make independent strategic business decisions and pursue appropriate business opportunities. We believed that, as for-profit, stock companies, each would have the financial and decision-making flexibility to pursue alliances and joint ventures, as well as the resources to make necessary technology investments.

In late August 2000, we concluded that such a strategy was no longer appropriate in light of a number of factors, including, among other things, increasing competitive pressures in the industry, adverse changes in the capital markets, further review and analysis regarding the implementation and execution of separate business plans for the two independent companies, the overall financial status of the CBOT and the need for the CBOT to demutualize as quickly as possible so that it could enhance its competitive posture and improve its decision-making capability. Accordingly, we ultimately rejected the two-company strategy and determined to adopt a strategy of demutualizing the CBOT and operating the electronic trading company as a wholly owned subsidiary.

Following further evaluation and analysis, we concluded that, under then-existing conditions, the revised restructuring strategy would achieve benefits similar to those associated with the creation of two separate companies, while preserving our flexibility to consider pursuing one or more value-enhancing transactions in the future, as described above at “—Overview.” Among other things, the revised strategy was designed to encourage independent operation of the electronic trading business in a competitive manner, but under a common ownership structure that will allow substantial sharing of resources and infrastructure. We believe that the restructuring transactions, as most recently refined, will enable us to successfully implement this strategy.

More recently, we reconsidered the holding company structure as a strategic alternative as a result of further changes in competitive pressures in the industry, the continued adverse condition of the capital markets and the refinement of our long-term strategic objectives. We believe the holding company structure represents a refinement of the previously approved restructuring transactions that is consistent with the revised restructuring strategy adopted in August 2000 in that it encourages independent operation of the electronic trading business under a common ownership structure while providing us additional structural flexibility to organize our business in a manner that will allow us to achieve our long-term strategic objectives. In addition, we believe that the holding company structure will allow us to maintain the CBOT as a nonstock membership corporation, which will provide us with certain benefits associated with such form of organization.

Most recently, as a result of recent revisions to our current contractual arrangements with the Eurex Group, we reconsidered certain aspects of the proposed reorganization of our electronic trading business. In particular we believe that postponing the reorganization of our electronic trading business until the termination of our current arrangements with the Eurex Group, which is currently expected to occur in December 2003, provides the CBOT the opportunity to explore alternative strategies for operating its electronic trading business and eliminates the burden of effecting the reorganization during the period that the current arrangements with the Eurex Group wind down.

#### **Description of the Restructuring Transactions**

The restructuring transactions are designed to:

- demutualize our organization by creating a stock, for-profit holding company, CBOT Holdings, and distributing shares of common stock of CBOT Holdings to our members, while maintaining the CBOT as a nonstock, for-profit subsidiary of CBOT Holdings in which the CBOT members will hold memberships representing the trading rights and privileges on the exchange operated by such subsidiary; and
- modernize our corporate governance structure by, among other things, adopting new mechanisms for initiating and voting on stockholder and member proposals, providing for a modest reduction in the size of our board and modifying the nomination and election process for directors as well as the terms of office and qualifications of directors.

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We believe that the completion of the restructuring transactions and demutualization of our exchange will provide us with an opportunity to enhance our competitiveness within the futures industry, including within both the open outcry and electronic trading markets, while preserving our ability to provide member benefits and opportunity. As a demutualized exchange, we plan to adopt a for-profit approach to our business, with a view towards optimizing volume, efficiency and liquidity in the markets we provide, which is intended to maximize the value of our business and provide member benefits and opportunity. In particular, we expect that the proposed changes to our corporate governance structure will increase our ability to respond more efficiently to changes within the industry, markets and the regulations that govern us. Also, as and to the extent that we expand our business in the future, we believe that our proposed holding company structure will enable us to segregate more easily our different lines of business into separate subsidiaries, which we believe could provide greater flexibility in administration and allow these entities to focus more effectively on particular markets, products or services. Finally, our transformation to a for-profit enterprise will provide us with the ability to distribute profits from the operation of our business to our stockholders as permitted by applicable law.

### *The Demutualization*

We will demutualize our organization by establishing a stock, for-profit holding company, CBOT Holdings, which will become the parent company of the CBOT subsidiary. As a result, the CBOT, which will continue to operate the exchange, will exist as a subsidiary of CBOT Holdings. After the demutualization, our members will hold interests in both companies: shares of common stock of CBOT Holdings and memberships of various classes and series in the CBOT subsidiary. However, as described in greater detail elsewhere in this document, transfer restrictions will apply to some of these interests and will have the effect of creating combinations of interests. In addition, after the demutualization, CBOT Holdings will hold the sole Class A membership in the CBOT subsidiary, which will entitle CBOT Holdings to the right to all dividends, distributions and proceeds upon liquidation from the CBOT subsidiary. As a result, any dividends or other distributions would be paid to you in respect of your common stock of CBOT Holdings and not in respect of your membership in the CBOT subsidiary.

The demutualization will be accomplished in two separate steps:

• a dividend to distribute shares of common stock to our members; and

• a merger to convert our members' existing memberships into new memberships.

### *The Dividend of Common Stock of CBOT Holdings.*

The reorganization of the CBOT and the implementation of the proposed holding company structure will be accomplished by the reorganization merger, which, as described below, will result in the CBOT becoming a subsidiary of CBOT Holdings. The reorganization merger will not, however, result in the distribution of shares of common stock of CBOT Holdings to the CBOT members. Consequently, a separate mechanism will be utilized to effect the distribution of shares of common stock of CBOT Holdings to the CBOT members.

Immediately prior to the completion of the restructuring transactions, the board of directors of the CBOT will declare a dividend to the CBOT members consisting of 39,802,650 shares of common stock of CBOT Holdings then held by the CBOT. This dividend, which will not be paid until immediately following the effectiveness of the reorganization merger described below, will have the effect of distributing all of the outstanding shares of CBOT Holdings common stock to our members. The dividend will specify the exact number of shares of common stock of CBOT Holdings to be distributed to each CBOT member in connection with the restructuring transactions, based on the allocation methodology approved by the CBOT board of directors as described in greater detail elsewhere in this document.

Currently, the CBOT holds all of the outstanding shares of common stock of CBOT Holdings. Prior to the completion of the restructuring transactions, the board of directors of CBOT Holdings, and the CBOT as sole stockholder, will approve the reclassification of CBOT Holding's capital stock into 39,802,650 shares which will be distributed to our members pursuant to the dividend.

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The following table indicates the number of shares of common stock of CBOT Holdings to be paid to CBOT members in respect of each current CBOT membership and in respect of each current class of CBOT membership. In addition, the table indicates the relative voting power of the holders of the common stock of CBOT Holdings (by class of current CBOT membership) immediately following the completion of the restructuring transactions.

**Shares of Common Stock of CBOT Holdings  
to Be Received for each Current CBOT Membership, each Class of Current CBOT Membership  
and the Relative Voting Power by each Class of Current CBOT Membership**

Current Class of CBOT Membership	Number of Current Members (as of January 22, 2003)	Shares of Common Stock to be Received for each Current CBOT Membership	Shares of Common Stock to be Received by each Current Class of CBOT Membership	Relative Voting Power by each Current Class of CBOT Membership
Full	1,402	25,000	35,050,000	88.06%
Associate	793	5,000	3,965,000	9.96%
GIM	148	2,500	370,000	0.93%
IDEM	642	300	192,600	0.48%
COM	643	350	225,050	0.57%
<b>Total</b>	<b>3,628</b>		<b>39,802,650</b>	<b>100.00%</b>

Immediately following the payment of the dividend, our members will be the only common stockholders of CBOT Holdings.

Immediately following the completion of the restructuring transactions, all of the authorized shares of capital stock of CBOT Holdings will be issued and outstanding. As a result, without further action by the board of directors and common stockholders of CBOT Holdings to approve an appropriate amendment to the certificate of incorporation of CBOT Holdings to increase the amount of authorized capital stock of CBOT Holdings, no additional shares of capital stock of CBOT Holdings can be issued. This means that CBOT Holdings will not be able to engage in capital raising activities involving the issuance of additional capital stock without prior approval of the board of directors and a majority of the voting power of the stockholders of CBOT Holdings, which could represent a significant limitation on the ability of CBOT Holdings to raise capital in the future.

For more information regarding the common stock of CBOT Holdings, and the respective rights and privileges of such stock, see “Description of Capital Stock and Memberships—Common Stock of CBOT Holdings.” For more information regarding the determination of the methodology for allocating shares of common stock of CBOT Holdings among the CBOT members, see “—Independent Allocation Committee of the Board” and “—Opinion of the Financial Advisor to the Independent Allocation Committee.” The allocation methodology utilized in the restructuring transactions is the subject of a complaint filed against certain individual Full Members as well as an alleged class of Full Members of the CBOT on behalf of certain Associate Members, GIMs, IDEMs and COMs. For more information regarding this litigation, see “Our Business—Legal Proceedings—Lawsuit Brought By Certain Associate Members GIMs, IDEMs and COMs.”

*The Reorganization Merger.* After the declaration of the dividend by the CBOT board of directors as described above, but before such dividend is paid, the reorganization merger will be completed. The reorganization merger will effect the reorganization of the CBOT into a holding company structure and the conversion of the existing CBOT memberships into Class B and, as applicable, Class C memberships in the CBOT subsidiary. The reorganization merger also results in CBOT Holdings being the holder of the sole Class A membership in the CBOT subsidiary.

We have formed two subsidiaries, CBOT Holdings, Inc. and CBOT Merger Sub, Inc., for the purpose of effecting the reorganization merger. CBOT Holdings, a Delaware stock, for-profit corporation, is currently a direct and wholly owned subsidiary of the CBOT. CBOT merger sub, a Delaware nonstock, for-profit membership corporation, is currently a direct and wholly owned subsidiary of CBOT Holdings.

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Pursuant to an agreement and plan of merger, CBOT merger sub will merge with and into the CBOT, which will result in the CBOT being the surviving entity. Upon the effectiveness of the reorganization merger, the CBOT will become a nonstock, for-profit corporation and a subsidiary of CBOT Holdings. As a result of completing the reorganization merger, the CBOT subsidiary will have three new classes of membership: Class A memberships, Class B memberships and Class C memberships.

*Class A Membership.* CBOT Holdings will hold the sole Class A membership in the CBOT subsidiary, which will entitle CBOT Holdings to the exclusive right to receive all distributions, dividends and proceeds upon liquidation from the CBOT subsidiary. CBOT Holdings, as holder of the Class A membership will have the right to vote on all matters upon which the members of the CBOT subsidiary will be entitled to vote generally. However, as described below, the holders of Series B-1 and Series B-2, Class B memberships will have the exclusive right among members (including the Class A member) to initiate and vote on amendments to the bylaws of the CBOT subsidiary and to vote on any proposed amendment to the certificate of incorporation or bylaws of the CBOT subsidiary that would adversely affect the core rights.

In addition, CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, will have the right to vote in favor of any of the following proposals:

- any merger of the CBOT subsidiary with a third party;
- any transaction (or series of related transactions) involving the sale of a significant amount of the CBOT subsidiary's assets to a third party;
- any transaction (or series of related transactions) in which the CBOT subsidiary proposes to acquire, invest in or enter into a business in competition with the CBOT subsidiary's then existing business;
- any removal or reduction of the transfer restrictions applicable to the Class A membership or the Class B memberships in the CBOT subsidiary; or
- any dissolution or liquidation of the CBOT subsidiary.

However, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) for CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, to vote in favor of any such proposal.

*Class B Memberships.* The Class B memberships will consist of five separate series: Series B-1, Series B-2, Series B-3, Series B-4 and Series B-5. Subject to certain restrictions that currently apply, including, in the case of Series B-3, Class B memberships, that such memberships may not be sold or otherwise transferred without eliminating the associated trading rights and privileges, and satisfaction of the application and approval process applicable to CBOT membership candidates, each such series will represent the trading rights and privileges that correspond to one of the current classes of membership of the CBOT, as described below:

- *Series B-1 Members.* The holder of a Series B-1, Class B membership in the CBOT subsidiary will generally be entitled to execute trades in all futures and options contracts listed on the exchange operated by the CBOT subsidiary.
- *Series B-2 Members.* The holder of a Series B-2, Class B membership in the CBOT subsidiary will generally be entitled to execute trades in all futures and options contracts listed in the CBOT subsidiary's Government Instrument Market, Index, Debt and Energy Market and Commodity Options Market.
- *Series B-3 Members.* With certain exceptions described in greater detail elsewhere in this document, the holder of a Series B-3, Class B membership in the CBOT subsidiary will generally be entitled to execute trades in all futures contracts listed in the CBOT subsidiary's Government Instrument Market. Following the completion of the restructuring transactions, two Series B-3, Class B memberships in the CBOT subsidiary will be convertible into one Series B-2, Class B membership in the CBOT subsidiary, which may result in fewer members having the trading rights and privileges of GIMs and more members having the trading rights and privileges of Associate Members.

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• *Series B-4 Members.* The holder of a Series B-4, Class B membership in the CBOT subsidiary will generally be entitled to execute trades in all futures contracts listed in the CBOT subsidiary's Index, Debt and Energy Market.

• *Series B-5 Members.* The holder of a Series B-5, Class B membership in the CBOT subsidiary will generally be entitled to execute trades in all options contracts listed in the CBOT subsidiary's Commodity Options Market.

The specific trading rights and privileges associated with each series of Class B membership will generally be governed by the rules and regulations of the CBOT subsidiary. These rules and regulations will constitute a part of the bylaws of the CBOT subsidiary.

The holders of Series B-1 and Series B-2, Class B memberships will have the exclusive right among members to vote on any proposed amendment to the certificate of incorporation, bylaws or rules, which are incorporated into the bylaws, of the CBOT subsidiary that would adversely affect the core rights relating to their trading rights and privileges described elsewhere in this document. In addition, the holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary will have the exclusive right among members to initiate and vote on, without the approval of the board of directors, proposals to adopt, repeal or amend the bylaws. They can also make non-binding recommendations that the board of directors consider proposals that, as a matter of Delaware law, require the approval of the board of directors of the CBOT subsidiary. The holders of Series B-3, Series B-4 and Series B-5, Class B memberships will not have any voting rights with respect to the CBOT subsidiary.

*Class C Memberships.* Each Full Member will also receive a Class C membership in the CBOT subsidiary, which will, subject to satisfaction of certain requirements, entitle the holder to exercise a right to become a member of the CBOE without having to purchase a membership on such exchange. Following the completion of the restructuring transactions, the Class C membership of the CBOT subsidiary will represent the right held by each Full Member of the CBOT. The exercise right will be the only right associated with the Class C membership. The Class C memberships will not have associated with them any trading rights or privileges at the CBOT subsidiary.

Pursuant to the reorganization merger, members of the CBOT will receive one of the five series of Class B memberships in the CBOT subsidiary in respect of each membership held by such member. In addition, each Full Member will also receive a Class C membership in the CBOT subsidiary. The following table indicates the number and series of Class B membership to be received for each current CBOT membership and by each class of current CBOT membership. In addition, the table indicates the relative voting power of the holders of the Class B memberships in the CBOT subsidiary (by class of CBOT membership) immediately following the completion of the restructuring transactions on matters on which Class B memberships in the CBOT subsidiary are entitled to vote.

**Class B Memberships in the CBOT Subsidiary  
to be Received for each Current CBOT Membership, and by each Class of Current CBOT Membership  
and the Relative Voting Power by each Class of Current CBOT Membership**

Current Class of CBOT Membership	Number of Current Members (as of January 22, 2003)	Number and Series of Class B Membership to be Received for each Current CBOT Membership	Number and Series of Class B Membership to be Received by each Current Class of CBOT Membership	Relative Voting Power by each Current Class of CBOT Membership
Full	1,402	1 Series B-1	1,402 Series B-1	91.39%
Associate	793	1 Series B-2	793 Series B-2	8.61%
GIM	148	1 Series B-3	148 Series B-3	0.00%
IDEM	642	1 Series B-4	642 Series B-4	0.00%
COM	643	1 Series B-5	643 Series B-5	0.00%
<b>Total</b>	<b>3,628</b>			<b>100.00%</b>

*Ceres Trading Limited Partnership.* The CBOT currently conducts its electronic trading business indirectly through Ceres, which is managed by eCBOT, its general partner. eCBOT is currently a wholly owned subsidiary of the CBOT. Many of the members of the CBOT also currently hold limited partnership interests in Ceres, and it

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is currently a requirement of the Ceres limited partnership agreement that its Class A limited partners hold a CBOT membership.

We do not believe that the implementation of the restructuring transactions will cause any interruption to the day-to-day operation of our businesses, including our electronic trading business. After the completion of the restructuring transactions, we expect that CBOT Holdings and the CBOT subsidiary will continue to conduct their electronic trading business through Ceres until such time as the CBOT's current contractual arrangements with the Eurex Group are terminated, which we currently expect to occur in December 2003. We do not currently expect that the completion of the restructuring transactions will have any material effect on the manner in which we conduct our electronic trading business.

Upon such termination, we plan to replace the current Eurex Group arrangements with other arrangements that will enable us to continue our electronic trading operations after such expiration. In January 2003, the CBOT's board of directors selected LIFFE to become the supplier of the CBOT's electronic trading system upon the expiration of our current arrangements with the Eurex Group. On January 10, 2003, the CBOT entered into a software license agreement with LIFFE for use of the LIFFE CONNECT™ software system, and we expect to enter into other agreements with LIFFE during the first half of 2003 with respect to the implementation and operation of the system. We currently anticipate that at such time as the CBOT's current arrangements with the Eurex Group are terminated, Ceres will be liquidated and its assets distributed to its partners in accordance with the terms of the Ceres limited partnership agreement, and CBOT Holdings and the CBOT subsidiary will thereafter conduct their electronic trading business through the CBOT subsidiary, eCBOT or an affiliate. We currently do not expect that Ceres will make any distributions to its limited partners until such time as it is liquidated. As a result of the liquidation of Ceres, CBOT members will no longer participate in the electronic trading business of the CBOT as limited partners of Ceres, but rather as stockholders of CBOT Holdings.

In order to ensure that members who are limited partners in Ceres will retain the rights and obligations that they currently possess following the completion of the restructuring transactions, eCBOT, as general partner of Ceres, will amend the limited partnership agreement of Ceres. In particular, among other things, certain definitions in the limited partnership agreement corresponding to Full, Associate, GIM, IDEM and COM memberships in the CBOT will be revised to correspond to Series B-1, Series B-2, Series B-3, Series B-4 and Series B-5, Class B memberships in the CBOT subsidiary, respectively. In addition, the limited partnership agreement will be amended to specifically provide that Ceres will be liquidated in accordance with the terms of the Ceres limited partnership agreement upon the termination of the CBOT's current arrangements with the Eurex Group, which we expect will occur on December 31, 2003. Because these amendments to the limited partnership agreement will not amend sections with respect to which limited partners of Ceres have voting rights, no vote of the limited partners of Ceres is required in order to amend the limited partnership agreement.

We have included as Appendix C to this document the form of agreement and plan of merger relating to the reorganization merger, which you are being asked to approve and adopt in connection with the restructuring transactions. **We urge you to review carefully the agreement and plan of merger before voting on the propositions relating to the restructuring transactions.**

### *Modernization of Our Corporate Governance Structure*

An objective of the restructuring transactions is the modernization of the corporate governance structure of the CBOT. Accordingly, the restructuring transactions will involve certain changes, which will largely occur as a result of the creation of a holding company structure and the adoption of a new certificate of incorporation and bylaws for CBOT Holdings and a new certificate of incorporation, bylaws and rules and regulations of the CBOT subsidiary. These changes are designed to modernize our corporate governance structure by:

- adopting new mechanisms for initiating and voting on stockholder and member proposals;
- providing for a modest reduction in the size of our board of directors; and
- modifying the nomination and election process for our directors as well as the terms of office and qualifications of our directors.

Because you will receive interests in both CBOT Holdings and the CBOT subsidiary as a result of the completion of the restructuring transactions, you will have different rights and obligations in these two separate,

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but affiliated organizations based on the applicable corporate governance documents. Upon the completion of the restructuring transactions, you will be a stockholder of CBOT Holdings and a member of the CBOT subsidiary. Your rights as a stockholder of CBOT Holdings will resemble those of a stockholder of a public company, and your rights as a member of the CBOT subsidiary will more closely resemble your current trading rights and privileges as CBOT members. However, as explained below, there will be certain changes to your rights and obligations as a result of the modernization of our corporate governance structure. Generally speaking, as a result of these changes, the ability of the stockholders of CBOT Holdings and the members of the CBOT subsidiary to participate in the day-to-day management and operation of our business, will be somewhat reduced. However, certain important rights relating to the trading rights and privileges associated with Class B membership in the CBOT subsidiary will be reserved for the holders of Series B-1 and Series B-2, Class B memberships, as described in greater detail below.

### *Voting Rights*

As a result of the restructuring transactions, you will hold interests in two companies rather than one: CBOT Holdings and the CBOT subsidiary. Your interests will entitle you to different rights with respect to voting on matters pertaining to the two companies, as described below.

*CBOT Holdings.* As compared to our current corporate governance structure as a not-for-profit, nonstock corporation, CBOT Holdings will have a corporate governance structure more customary for a for-profit, stock corporation. The holders of the common stock of CBOT Holdings will have the right to vote on all matters upon which the stockholders of CBOT Holdings will be entitled to vote generally, including, among other things, the election of directors to the board of directors of CBOT Holdings.

In addition, the holders of common stock of CBOT Holdings will have the right to vote on any proposal for a transaction (or a series of related transactions) either involving the sale of a significant amount of CBOT Holdings' assets to a third party or in which CBOT Holdings proposes to acquire, invest in or enter into a business in competition with the CBOT subsidiary's then existing business. For purposes of this provision, a significant amount of CBOT Holdings' assets means 10% of the fair market value of the assets, both tangible and intangible, of CBOT Holdings as of the time of the board approval of the proposed sale, as determined by the board of directors of CBOT Holdings in its sole and absolute discretion. The board of directors of CBOT Holdings will determine, in its sole and absolute discretion, whether any business is in competition with the then existing business of the CBOT subsidiary (which will also include any businesses proposed as of such time).

Further, it will require the consent of the common stockholders of CBOT Holdings for CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, to vote in favor of any merger of the CBOT subsidiary with a third party, any transaction (or series of related transactions) involving the sale of a significant amount of the CBOT subsidiary's assets to a third party, any transaction (or series of related transactions) in which the CBOT subsidiary proposes to acquire, invest in or enter into a business in competition with the then existing business of the CBOT subsidiary, any removal of or reduction to the transfer restrictions applicable to the Class A membership or the Class B memberships in the CBOT subsidiary, or any dissolution or liquidation of the CBOT subsidiary. For purposes of this provision, a significant amount of the CBOT subsidiary's assets means 10% of the fair market value of the assets, both tangible and intangible, of the CBOT subsidiary as of the time of the board approval of the proposed sale, as determined by the board of directors of the CBOT subsidiary in its sole and absolute discretion. The board of directors of the CBOT subsidiary will determine, in its sole and absolute discretion, whether any business is in competition with the then existing business of the CBOT subsidiary (which will also include any businesses proposed as of such time).

The board of directors of CBOT Holdings will have the authority to, among other things, adopt and recommend for stockholder approval amendments to the certificate of incorporation of CBOT Holdings. Any amendment to the certificate of incorporation of CBOT Holdings will require the approval of the board of directors of CBOT Holdings and the approval of a majority of the voting power of the stockholders of CBOT Holdings. In addition, the board of directors of CBOT Holdings will have the authority to adopt, amend or repeal the bylaws of CBOT Holdings without the approval of stockholders. However, the stockholders of CBOT Holdings will also have the right to initiate, without the approval of the board of directors of CBOT Holdings, proposals to adopt, repeal or amend the bylaws of CBOT Holdings. They can also make non-binding recommendations that the board of directors of CBOT Holdings consider proposals that, as a matter of Delaware



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law, require the approval of the board of directors of CBOT Holdings. You should understand, however, that the board of directors of CBOT Holdings will consider such non-binding recommendations in accordance with its fiduciary duties under applicable law and, accordingly, there can be no assurance that the board of directors of CBOT Holdings will approve any such proposal.

Stockholders' proposals may be initiated at an annual or special meeting of stockholders of CBOT Holdings after satisfying certain advance notice requirements and, subject to applicable law, will require the approval of a majority of the votes cast at such annual or special meeting. The bylaws of CBOT Holdings will provide that one-third of the total voting power of CBOT Holdings entitled to vote generally in an election of directors must be present in person or by proxy to constitute a quorum.

The bylaws of CBOT Holdings will contain provisions requiring that advance notice be delivered to CBOT Holdings of any business to be brought by a stockholder before an annual or special meeting of stockholders and providing for procedures to be followed by stockholders in nominating persons for election to CBOT Holdings' board of directors. Generally, in connection with annual meetings, such advance notice provisions will require that a stockholder must give written notice to the secretary of CBOT Holdings not less than 20, nor more than 60, days prior to the first anniversary of the date on which CBOT Holdings first mailed its proxy materials for the preceding year's annual meeting of stockholders. In connection with special meetings, following receipt of a written request from the holders of at least 10% of the voting power of CBOT Holdings, the chairman of the board or the board of directors will call and provide written notice of, a special meeting not less than 10, nor more than 60, days before the date of such meeting. In each case, the notice or request by stockholders must set forth specific information regarding such stockholder and each director nominee or other business proposed by such stockholder, as applicable, as provided in CBOT Holdings' bylaws.

*CBOT Subsidiary.* The CBOT subsidiary will have a corporate governance structure that is designed to vest control of corporate governance matters generally, including the election of directors, with CBOT Holdings, but provide the holders of Series B-1 and Series B-2, Class B memberships with voting rights with respect to Class B member proposals, including amendments to the bylaws, rules and regulations of the CBOT subsidiary, as well as with respect to the core rights relating to the trading rights and privileges associated with Class B memberships and on amendments to or elimination of the restrictions on transfer applicable to the Class A membership in the CBOT subsidiary (of which CBOT Holdings will hold the sole membership) and Class B memberships in the CBOT subsidiary.

In particular, CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, will have the right to vote on all matters upon which the members of the CBOT subsidiary will be entitled to vote generally. However, as described below, the holders of Series B-1 and Series B-2, Class B memberships will have the exclusive right among members (including the Class A member) to initiate and vote on amendments to the bylaws of the CBOT subsidiary and to vote on any proposed amendment to the certificate of incorporation or bylaws of the CBOT subsidiary that would adversely affect the core rights.

In addition, CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, will have the right to vote on any proposal to merge the CBOT subsidiary with a third party, to sell a significant amount of the CBOT subsidiary's assets to a third party, any proposal that the CBOT subsidiary acquire, invest in or enter into a business in competition with the then existing business of the CBOT subsidiary, to remove or reduce the transfer restrictions applicable to the Class A membership or the Class B memberships in the CBOT subsidiary or to dissolve or liquidate the CBOT subsidiary. The board of directors of the CBOT subsidiary will determine, in its sole and absolute discretion, both whether a sale involves a significant amount of the CBOT subsidiary's assets, and whether any business is in competition with the then existing business of the CBOT subsidiary (which will also include any businesses proposed as of such time). However, it will require the consent of the stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) for CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, to vote in favor of any such proposal.

The holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary will have the exclusive right among members to vote on any proposed amendment to the bylaws, which include the rules and

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regulations, of the CBOT subsidiary, and on any proposed amendment to the certificate of incorporation that would adversely affect the following core rights:

- the allocation of products that a holder of a specific series of Class B membership is permitted to trade on the exchange facilities of the CBOT subsidiary, e.g., the elimination of any product from a holder's trading rights and privileges;
- the requirement that, subject to certain limited exceptions agreed to by the CBOT and Chicago Board Options Exchange, holders of Class B memberships will be charged transaction fees for trades of the CBOT subsidiary's products for their accounts that are lower than the transaction fees charged to any participant who is not a holder of a Class B membership for the same products;
- the number of authorized classes or series of memberships, or number of memberships in the CBOT subsidiary (it being understood that any change to the number of classes or series of memberships, or the number of memberships shall be deemed to adversely affect such right);
- the membership and eligibility requirements to become a holder of a Class B membership or to exercise the associated trading rights or privileges; and
- the commitment to maintain current open outcry markets so long as each such market is deemed liquid under the terms of the certificate of incorporation of the CBOT subsidiary unless the discontinuance of any such market is approved by the holders of the Series B-1 and Series B-2, Class B memberships. This commitment to maintain current open outcry markets is described further below at "—Commitment to Maintain Open Outcry Markets."

In addition, the holders of Series B-1 and Series B-2 memberships in the CBOT subsidiary will also have the right to initiate and vote on, without the approval of the board of directors of the CBOT subsidiary, proposals to adopt, repeal or amend the bylaws of the CBOT subsidiary. They can also make non-binding recommendations that the board of directors of the CBOT subsidiary consider proposals that, as a matter of Delaware law, require the approval of the board of directors of the CBOT subsidiary. You should understand, however, that the board of directors of the CBOT subsidiary will consider such non-binding recommendations in accordance with its fiduciary duties under applicable law and, accordingly, there can be no assurance that the board of directors of the CBOT subsidiary will approve any such proposal. Member proposals may be initiated at an annual meeting of the members of the CBOT subsidiary or, after satisfying certain advance notice requirements, a special meeting of the members of the CBOT subsidiary and, subject to applicable law, will require the approval of a majority of votes cast at such special or annual meeting.

Holders of Series B-1 and Series B-2, Class B memberships will be the only members of the CBOT subsidiary entitled to vote with respect to a proposed amendment to the certificate of incorporation or bylaws of the CBOT subsidiary that would adversely affect any of the above-described core rights and any proposal initiated by the holders of Series B-1 and/or Series B-2, Class B memberships in the CBOT subsidiary, with holders of Series B-1, Class B memberships entitled to one vote per membership and holders of Series B-2, Class B memberships entitled to one-sixth of one vote per membership. These voting rights are based on the current voting rights of Full Members and Associate Members of the CBOT. The holders of Series B-3, Series B-4 and Series B-5, Class B memberships and Class C memberships in the CBOT subsidiary will not have the right to vote on any matters or to initiate any proposals. These voting rights are based on the facts that GIM, IDEM and COM members currently have no voting rights at the CBOT and that Full Members are currently not entitled to any special additional voting rights at the CBOT by virtue of their exercise right.

Subject to applicable law and subject to the right of the Series B-1 and Series B-2, Class B members to vote to discontinue a market, which shall require a vote of a majority of the voting power of the Series B-1 and Series B-2, Class B members, the affirmative vote of a majority of the votes cast at any annual or special meeting called for such purpose shall be sufficient to constitute approval of all matters upon which the holders of Series B-1 and Series B-2, Class B memberships are entitled to vote, provided that quorum requirements have been met. The certificate of incorporation of the CBOT subsidiary will provide that the holder of the Class A membership must be present in person or by proxy to constitute a quorum on matters upon which the holder of a Class A

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membership is entitled to vote and that one-third of the voting power of the Class B memberships entitled to vote must be present in person or by proxy in order to constitute a quorum on matters upon which the holders of Series B-1 and Series B-2 Class B memberships are entitled to vote. Based on the respective voting power of these two series of Class B memberships, any such amendment or proposal could be approved by the holders of Series B-1, Class B memberships even though the holders of Series B-2, Class B memberships voted against the amendment. This result is consistent with the result that would be obtained under the CBOT's existing certificate of incorporation, bylaws and rules and regulations with respect to matters voted on by Full Members and Associate Members as a single class.

Following receipt of a written request from at least 10% of the voting power of the holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary, the chairman of the board or the board of directors will call and provide written notice of, a special meeting not less than 10, nor more than 60, days before the date of such meeting. Any such request must specify the purpose of the meeting.

*Commitment to Maintain Open Outcry Markets.* The certificate of incorporation of the CBOT subsidiary will provide that, subject to the following terms and conditions, the CBOT subsidiary will be obligated to maintain current open outcry markets and provide financial support to each such market for technology, marketing and research, which the board of directors determines, in its sole and absolute discretion, is reasonably necessary to maintain each such open outcry market.

Notwithstanding the foregoing, the board of directors of the CBOT subsidiary may discontinue any open outcry market at such time and in such manner as it may determine if the board of directors determines, in its sole and absolute discretion, that a market is no longer "liquid" in accordance with the criteria described below or the holders of a majority of the voting power of the then outstanding Series B-1 and Series B-2, Class B memberships, voting together as a single class based on their respective voting power, approve the discontinuance of such open outcry market. A market is "liquid" for this purpose if, as measured on a quarterly basis:

- a comparable exchange-traded product exists, the open outcry market has maintained at least 30 percent of the average daily volume of such comparable product, including for calculation purposes, volume from exchange-for-physicals transactions in such open outcry market; or
- no comparable exchange-traded product exists, the open outcry market has maintained at least 40 percent of the average quarterly volume in that market as maintained by the CBOT in 2000, including, for calculation purposes, volume from exchange-for-physicals transactions in such open outcry market.

*Board of Directors.* After the completion of the restructuring transactions, there will be two boards of directors, that is, one for CBOT Holdings and one for the CBOT subsidiary, rather than one. However, as explained in greater detail below, we currently expect that the same persons will serve on both of these boards.

The directors serving on the board of directors of the CBOT immediately prior to the completion of the restructuring transactions will continue as the boards of directors of CBOT Holdings and the CBOT subsidiary immediately following the completion of the restructuring transactions. The continuing directors will serve for the duration of their current terms with the exception of the current public directors, whose terms will end in connection with the first annual election following the completion of the restructuring transactions. It is currently expected that this annual election will occur in the first or second quarter of 2004.

The size of the board of directors of CBOT Holdings will then be reduced from 18 directors to 16 directors in connection with the first annual meeting of stockholders to be held following the completion of the restructuring transactions.

The board of directors of CBOT Holdings will consist of:

- the chairman of the board, who will be a holder of a Series B-1, Class B membership in the CBOT subsidiary;
- a vice-chairman, who will be a holder of a Series B-1, Class B membership in the CBOT subsidiary;

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- eight directors, who will be holders of Series B-1, Class B memberships in the CBOT subsidiary;
- two directors, who will be holders of Series B-2, Class B memberships in the CBOT subsidiary;
- three directors, who will be “independent” within the meaning of the certificate of incorporation and bylaws of CBOT Holdings; and
- the president and chief executive officer of CBOT Holdings, who will be a non-voting director.

Except as described below, each director of CBOT Holdings will be elected to serve as a director until the second annual meeting following his or her election and will not be subject to term limits. Directors shall be entitled to serve only so long as they retain the qualifications of the directorship for which they were nominated and elected. For information regarding the executive officers of CBOT Holdings, see “Management and Executive Compensation—Directors and Executive Officers.”

The elected directors of CBOT Holdings will be classified into two classes of directors consisting of eight directors and seven directors, respectively.

The first class of directors will consist of:

- the chairman of the board;
- four directors, who will be holders of Series B-1, Class B memberships in the CBOT subsidiary;
- one director, who will be a holder of a Series B-2, Class B membership in the CBOT subsidiary; and
- two independent directors.

The second class of directors will consist of:

- the vice-chairman of the board;
- four directors, who will be holders of Series B-1, Class B memberships in the CBOT subsidiary;
- one director, who will be a holder of a Series B-2, Class B membership in the CBOT subsidiary; and
- one independent director.

The president and chief executive officer will, upon appointment to such position, automatically become a non-voting director.

At the first annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions, the stockholders will elect six directors, consisting of three of the directors from the second class of directors and three directors from the first class of directors. The directors of the second class will be elected to serve until the third annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions, and the directors of the first class will be elected to serve until the second annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions. Thereafter, each class of directors will be elected at every other annual meeting, beginning with the first class at the second annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions.

The following chart describes the directors and the terms that such directors are expected to be elected to at each of the first, second and third annual elections following completion of the restructuring transactions:

<b>First Annual Meeting Two Year Term</b>	<b>Second Annual Meeting Two Year Term</b>	<b>Third Annual Meeting Two Year Term</b>
1 vice chairman of the board	1 chairman of the board	1 vice chairman of the board
1 Series B-1 director	4 Series B-1 directors	4 Series B-1 directors
1 independent director	1 Series B-2 director	1 Series B-2 director
	2 independent directors	1 independent director
<b>One Year Term</b>		
2 independent directors		
1 Series B-1 director		

In connection with the election of directors to the new sixteen-member board of directors of CBOT Holdings, we currently anticipate that CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, which is the only membership class entitled to vote in the election of directors, will elect the

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same persons as members of the board of directors of the CBOT subsidiary. In order to ensure that the board of directors of the CBOT subsidiary is generally identical in size and composition to the board of directors of CBOT Holdings, it will be a qualification for service as a director of the CBOT subsidiary that such director also serve at the same time on the board of directors of CBOT Holdings.

*Nomination Procedures for Directors.* The common stockholders of CBOT Holdings will have the right to elect a nominating committee to recommend to the board of directors nominations of persons to stand for election as directors of CBOT Holdings. The nominating committee will be composed of five stockholders, four of whom will be persons who also hold Series B-1, Class B memberships in the CBOT subsidiary and the fifth of whom will be a person who also holds a Series B-2, Class B membership in the CBOT subsidiary. The members of the nominating committee of the CBOT immediately prior to the completion of the restructuring transactions will continue as members of the nominating committee of CBOT Holdings immediately following the completion of the restructuring transactions. The continuing members of the nominating committee will serve for the duration of their current terms. Although the nominating committee will recommend nominees to the board of directors of CBOT Holdings, the board of directors of CBOT Holdings will exercise its own judgment in approving nominees to serve as directors. The nominating committee will also be responsible for nominating individuals to serve as members on the nominating committee.

In addition to nominations made by this committee, stockholders of CBOT Holdings will also be entitled to nominate persons to stand for election as directors of CBOT Holdings if the nominee is qualified and the stockholder satisfies certain advance notice requirements. If the stockholder satisfies each of these conditions and delivers a petition executed by at least 40 persons who are both stockholders and holders of Series B-1, Class B memberships in the CBOT subsidiary, CBOT Holdings will, to the extent it prepares and delivers a proxy statement and form of proxy, at its own expense, include the name of such nominee and all other information related to such nominee, that is provided with respect to the board of directors' nominees in such proxy statement and form of proxy.

*Change of Control Provisions.* CBOT Holdings' certificate of incorporation and bylaws will contain certain provisions that may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with the board of directors rather than pursue non-negotiated takeover attempts. The provisions will include, among other things:

- a classified board of directors with staggered terms of office;
- advance notice requirements for stockholder proposals;
- application of the Delaware anti-takeover statute; and
- a prohibition on the ability of stockholders to take action by written consent.

You are being asked to approve the amended and restated bylaws of the CBOT, which will become the bylaws of the CBOT subsidiary, and a technical amendment to the bylaws of the CBOT clarifying the status of holders of GIM, IDEM and COM membership interests as members of the CBOT for purposes of Delaware corporation law; all other matters relating to the restructuring transactions, including, among other things, the proposed changes to our corporate governance structure as set forth in a new certificate of incorporation and bylaws for the holding company and the CBOT subsidiary as part of the restructuring transactions. We have included the form of the certificate of incorporation and bylaws of CBOT Holdings as Appendices F and G, respectively, to this document. In addition, we have included the form of the certificate of incorporation and bylaws of the CBOT subsidiary as Appendices H and I, respectively, to this document. The certificate of incorporation and bylaws of CBOT Holdings will become effective prior to the time the reorganization merger becomes effective and the certificate of incorporation and bylaws of the CBOT subsidiary will become effective at the time the reorganization merger becomes effective, with the exception of a provision in the CBOT bylaws that is designed to confirm that GIMs as well as holders of one-half Associate Memberships, IDEMs and COMs are members for purposes of Delaware law, which will become effective immediately following membership approval of the restructuring transactions. By voting in favor of the propositions relating to the restructuring transactions, you will be voting to approve and adopt, among other things, this amendment to the CBOT bylaws in advance of the completion of the restructuring transactions. **We urge you to review carefully all of the terms and conditions of the certificate of incorporation and bylaws of each of CBOT Holdings and the CBOT subsidiary before voting on the propositions relating to the restructuring transactions.**

In addition, you are being asked to approve certain changes to the rules and ratify certain changes to the regulations of the CBOT subsidiary as part of the restructuring transactions. Among other things, the rules and regulations of the CBOT subsidiary will establish the specific trading rights and privileges associated with each series of Class B memberships in the CBOT subsidiary. We currently expect that these changes to our rules and regulations will take effect at the time that the certificate of incorporation of the CBOT subsidiary becomes effective. The form of the rules and regulations of the CBOT subsidiary as we currently expect such rules and regulations to be implemented immediately after the restructuring transactions (subject to other changes to the rules and regulations occurring after the date of this document), as well as the current rules and regulations of the CBOT, have been filed as exhibits to the registration statement of which this document is a part. We have included as Appendix J to this document a summary entitled "Status of Certain Current CBOT Rules and Regulations as a Result of the Restructuring Transactions," which summarizes the changes to certain of the current rules and regulations that will occur as a result of the restructuring transactions. **We urge you to review carefully the summary of the changes to the rules and regulations as well as the above-referenced exhibits before voting on the propositions relating to the restructuring transactions.**

For more information about these changes to our corporate governance structure, and how such changes will affect your rights and obligations, see "Comparison of the Rights of Members of the CBOT Prior to and After Completion of the Restructuring Transactions."

#### **Independent Allocation Committee of the Board**

In January 2000, in connection with its approval of the original restructuring strategy, our board of directors established an Independent Allocation Committee of the board, composed solely of public or independent directors of the board, to determine and recommend to the full board an appropriate and fair allocation among the CBOT members of shares in the two companies contemplated by the original restructuring strategy: the company conducting the updated open outcry trading business and the company conducting the electronic trading business.

To assure the independence of the process, each member of the Independent Allocation Committee confirmed that there were no conflicts of interest presented by his service on the Independent Allocation Committee and that neither any member nor any person in a member's family held a financial interest in a CBOT member. The Independent Allocation Committee engaged William Blair as its sole financial advisor and Winston & Strawn as its sole special counsel to assist in developing its recommendation. Again, each of these advisors confirmed that its service to the Independent Allocation Committee did not present a conflict of interest. Governor Thompson, the Chairman of the Independent Allocation Committee, is the Chairman of Winston & Strawn, special counsel to the Independent Allocation Committee. Members of the Independent Allocation Committee each initially received a fee of \$20,000 for service on the committee. In connection with their continued service on the Independent Allocation Committee, in November 2001, Governor Thompson and Mr. Weems each received an additional fee of \$20,000 for service on the Committee. In addition, the CBOT agreed to indemnify each member against liabilities arising from such service. Also, the CBOT agreed to compensate each member of the Independent Allocation Committee for time spent in connection with any litigation proceeding relating to the matters considered by the Independent Allocation Committee at an hourly rate, not to exceed \$500, equal to the rate at which such member is compensated by third parties for legal or consulting services or, if no such rate is applicable to a member, such rate as is mutually agreed to by the CBOT and the member.

#### *Development of the Allocation Ratio*

During the course of its initial deliberations, which took place from January to May 2000, the Independent Allocation Committee and its advisors reviewed CBOT member correspondence regarding their views on allocation; met with various membership committees and groups as well as CBOT management and staff; reviewed various CBOT organizational documents, documents relating to the creation of memberships and certain trading and financial statistics relating to the CBOT, including historical prices for memberships; reviewed various other materials prepared for the CBOT or the board of directors by outside consultants, financial, legal and other advisors; participated in various meetings with such advisors; and researched other relevant data, including the allocation methodologies used by other exchanges in connection with demutualization transactions.

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Since no mechanism existed in the CBOT's certificate of incorporation, bylaws or rules and regulations for allocating ownership in the CBOT among the Full Members, Associate Members, GIMs, IDEMs and COMs, the Independent Allocation Committee identified with the help of its advisors, William Blair and Winston & Strawn, the factors it considered relevant to determining such an allocation in the context of the proposed restructuring transactions. These factors are:

- the relative liquidation rights of the five classes of membership in the CBOT;
- the relative voting rights of the five classes of membership in the CBOT;
- the allocation made in respect of each class of membership in connection with the formation of Ceres;
- the market values of CBOT memberships; and
- the contract volumes attributable to each class of CBOT membership.

The Independent Allocation Committee then looked at the allocation that would result from each such factor if it were considered determinative. For example, each of the first three factors, taken alone, would imply an allocation ratio of 6.0 : 1.0 as between Full Memberships and Associate Memberships, while the last two factors taken alone would imply allocation ratios as between Full Members and Associate Members of 2.49 : 1.0 and 0.72 : 1.0 respectively. For additional information and a complete list of the allocation ratios implied by each of the factors taken alone, see “—Relative Liquidation Rights,” “—Relative Voting Rights,” “—Allocation Made in Respect of Each Membership in Connection with the Formation of Ceres,” “—Market Values of Memberships” and “—Contract Volumes” under “—Opinion of the Financial Advisor to the Independent Allocation Committee.”

The Independent Allocation Committee then determined with the concurrence of its advisors that it would be appropriate to adopt an allocation methodology that takes into account a combination of these factors rather than a single factor. The Independent Allocation Committee concluded in conjunction with its financial advisor that in establishing the allocation, relatively greater importance should be given to liquidation rights, voting rights and the allocation made to CBOT members in connection with the formation of Ceres. See “—Opinion of the Financial Advisor to the Independent Allocation Committee” for a discussion of the relative importance of the five factors. However, neither the Independent Allocation Committee nor its financial advisor believed that it would be appropriate to assign specific weight to any particular factor. Accordingly, the recommendation by the Independent Allocation Committee was not based on a mechanical, formulaic or arithmetic approach. Based on its deliberations and after taking into consideration all five factors and the relative importance assigned to them, the Independent Allocation Committee developed an allocation for recommendation to the full board as fair based on such methodology and instructed William Blair to give an opinion as to whether the proposed allocation was fair from a financial point of view to the various classes of members.

The Independent Allocation Committee on May 5, 2000, unanimously recommended to the full board as fair an allocation of shares of common stock in each of the then proposed open outcry trading and electronic trading companies in accordance with the Allocation Ratio. In reaching this conclusion, the Independent Allocation Committee received and considered an opinion dated May 5, 2000 from William Blair that the allocation recommended by the Independent Allocation Committee in connection with the restructuring was fair, from a financial point of view, to each of the five classes of CBOT members. For more information on this opinion, see “—Opinion of the Financial Advisor to the Independent Allocation Committee of the Board.”

The recommendation of the Independent Allocation Committee on May 5, 2000, as well as the opinion of William Blair as of such date, were based on a number of assumptions, including that:

- the restructuring would not take the form of a liquidation;
- the trading rights and privileges of each CBOT membership class, including the Chicago Board Options Exchange exercise right of Full Members, would continue;
- each CBOT member would receive in addition to their trading rights the appropriate number of shares in both the then proposed open outcry trading and electronic trading companies per the allocation;

• each company's shares would be issued with equal per share voting and liquidation rights;

• such shares would be in addition to any shares or other consideration received in connection with the reorganization of Ceres, which transaction was outside the purview of the Committee.

The allocation did not take into consideration any transaction with the Chicago Board Options Exchange, and the allocation of assets and liabilities between the then proposed open outcry trading and electronic trading companies was beyond the purview of the Independent Allocation Committee.

On May 16, 2000, the board of directors of CBOT approved and adopted the recommendation made by the Independent Allocation Committee on May 5, 2000, subject to any changes in the underlying assumptions, and subject to the board's further approval of the definitive terms and structure of transactions designed to implement the restructuring.

*November 2000 Update*

Following the adoption by the board of directors of the revised restructuring strategy in August 2000, the Independent Allocation Committee undertook to consider the revised restructuring strategy and update its recommendation regarding an allocation of shares of Class A common stock among the members in the context of the revised restructuring strategy.

In the course of updating its initial recommendation regarding the allocation of shares of Class A common stock among the members, the Independent Allocation Committee reviewed with its legal and financial advisors various aspects of the revised restructuring strategy that were developed subsequent to May 5, 2000, including:

• the change in the form of the restructuring transactions to provide for the distribution and allocation solely of shares of the then proposed stock, for-profit company and the formation of eCBOT as a wholly owned subsidiary of CBOT;

• the board of directors' decision to reorganize and consolidate the electronic trading business into eCBOT through a series of transactions involving Ceres, including a merger transaction in which limited partnership interests in Ceres would be exchanged for shares of convertible preferred stock of the stock, for-profit company; and

• the proposal to issue shares of common stock of the then proposed stock, for-profit company in two classes: Class A common stock with traditional voting, liquidation and dividend rights that would represent substantially all of the equity value and voting power initially evidenced by the common stock of the then proposed stock, for-profit company; and Class B common stock that would be issued in five series, two of which would have special voting rights with respect to certain trading rights and privileges of Class B common stockholders, each of which series would entitle an eligible holder to trading rights and privileges that would correspond to, and would be substantially similar to, the trading rights and privileges of one of the five member classes of CBOT.

The Independent Allocation Committee also considered such other factors as it deemed relevant, including the trading volume activity by various membership classes and the trading prices for various memberships. Based on these deliberations and its conclusion that the factors which supported its initial recommendation remained an appropriate basis for determining an allocation methodology in the context of the restructuring transactions and that such factors had not changed in any material respect since May 5, 2000, the Independent Allocation Committee updated its recommendation as fair of an allocation in accordance with the Allocation Ratio of shares of Class A common stock of the single company among the members in respect of their memberships and instructed its financial advisor to give an opinion as to whether the proposed allocation was fair from a financial point of view to the various classes of members.

The Independent Allocation Committee on November 21, 2000, unanimously recommended to the board of directors as fair an allocation in accordance with the Allocation Ratio of shares of Class A common stock of the then proposed stock, for-profit company among the members in respect of their memberships in connection with the restructuring. In reaching this conclusion, the Independent Allocation Committee received and considered an



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updated oral opinion on November 20, 2000, which was confirmed in writing on November 21, 2000, from William Blair that the proposed allocation was fair, from a financial point of view, to each of the five classes of members. For more information on this updated opinion, see “—Opinion of the Financial Advisor to the Independent Allocation Committee.”

The updated recommendation of the Independent Allocation Committee on November 21, 2000, as well as the opinion of William Blair as of such date, were based on a number of assumptions, including that:

- the restructuring will not take the form of a liquidation;
- the trading rights and privileges of each membership class, including the Chicago Board Options Exchange exercise right of Full Members, would continue;
- each member would receive, in addition to a share of the appropriate series of Class B common stock and associated trading rights and privileges, the number of shares of Class A common stock to which such member would be entitled in the then proposed stock, for-profit company per the allocation ratio in respect of his or her membership;
- such shares would be in addition to the shares of convertible preferred stock or other consideration received in connection with the Ceres merger, the fairness of which transaction was beyond the purview of the Independent Allocation Committee and the opinion of William Blair; and
- the allocation did not take into consideration any possible transaction or business combination with any other party.

### *January 2001 Update*

On January 16, 2001, immediately prior to the meeting of the board of directors to consider the restructuring transactions, the Independent Allocation Committee met to review and consider certain refinements to the restructuring transactions recommended by the Executive Committee and management. William Blair and Winston & Strawn, as advisors to the Independent Allocation Committee, participated in this meeting. The Independent Allocation Committee updated its recommendation as fair of an allocation in accordance with the Allocation Ratio of shares of Class A common stock among the members in respect of their memberships and instructed William Blair to give an opinion as to whether the proposed allocation was fair from a financial point of view to the various classes of members. At the meeting of the board of directors, the Independent Allocation Committee reported to the board of directors that it had reviewed such refinements to the restructuring transactions recommended by the Executive Committee and management and confirmed its updated recommendation regarding the allocation among the CBOT members of Class A common stock of the then proposed stock, for-profit company in respect of their memberships in connection with the restructuring transactions, as currently proposed, as provided to the board at the November 21, 2000 meeting. The Independent Allocation Committee indicated that, in reaching this recommendation, it received and considered an updated opinion of William Blair, dated January 16, 2001, that the proposed allocation was fair, from a financial point of view, to each of the five classes of members.

### *September 2001 Update*

In September 2001, the Independent Allocation Committee undertook to consider further refinements to the restructuring transactions and update its recommendation regarding an allocation of shares of common stock among the members in respect of their memberships in the context of the revised restructuring strategy. In the course of updating its recommendation regarding the allocation of shares of common stock among the members in respect of their memberships, the Independent Allocation Committee reviewed various aspects of the restructuring transactions that were developed subsequent to January 16, 2001, including the refinements to the restructuring transactions to provide for the creation of a holding company structure, the distribution of shares of common stock of the holding company to the members and the creation of a separate class of membership in the CBOT subsidiary to represent the Chicago Board Options Exchange exercise right. The Independent Allocation Committee also considered such other factors as it deemed relevant, including the trading volume activity by various CBOT membership classes and the trading prices for various CBOT memberships. On September 13, 2001, the Independent Allocation Committee met to consider these refinements and their impact, if any, on their previous recommendations. William Blair and Winston & Strawn, as advisors to the Independent Allocation

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Committee, participated in the meeting. Kirkland & Ellis, counsel to the CBOT, attended a portion of the meeting at the invitation of the Independent Allocation Committee to review the refinements and developments with respect to the lawsuit brought by certain Associate Members, GIMs, IDEMs and COMs. For more information on the lawsuit, see “Risk Factors—Certain Members Have Filed a Complaint in Illinois State Court Challenging the Proposed Allocation of Equity in the CBOT.”

Based on these deliberations and its conclusion that the factors which supported its earlier recommendation remained an appropriate basis for determining an allocation methodology in the context of the restructuring transactions and that such factors had not changed in any material respect since January 16, 2001, the Independent Allocation Committee met again on September 24, 2001, updated its recommendation as fair of an allocation in accordance with the Allocation Ratio of shares of common stock of the proposed holding company among the members in respect of their memberships, and instructed William Blair to give an opinion as to whether the proposed allocation was fair from a financial point of view to the various classes of CBOT members.

On September 24, 2001, the Independent Allocation Committee unanimously adopted as fair a recommendation (delivered to the board of directors on October 2, 2001) of an allocation in accordance with the Allocation Ratio of shares of common stock of CBOT Holdings among the members in respect of their memberships in connection with the restructuring transactions. In reaching this conclusion, the Independent Allocation Committee received and considered an updated opinion on September 24, 2001 from William Blair that such allocation was fair, from a financial point of view, to each of the five classes of members.

### *December 2001 Update*

On December 18, 2001, immediately prior to the meeting of the CBOT board of directors, the Independent Allocation Committee met to review and consider the proposed restructuring transactions. William Blair and Winston & Strawn, as advisors to the Independent Allocation Committee, participated in this meeting. The Independent Allocation Committee updated its recommendation as fair of an allocation in accordance with the Allocation Ratio and requested that William Blair provide its opinion as to whether the proposed allocation was fair from a financial point of view to the various classes of members. At the meeting of the CBOT board of directors, the Independent Allocation Committee reported to the CBOT board of directors that it had reviewed the restructuring transactions and confirmed its updated recommendation regarding the allocation among the members of common stock of CBOT Holdings as provided to the board of directors at the October 2, 2001 meeting. The Independent Allocation Committee indicated that, in reaching this recommendation, it received and considered William Blair’s letter, dated December 18, 2001, updating its opinion, dated September 24, 2001, that the proposed allocation was fair, from a financial point of view, to each of the five classes of members. For the assumptions underlying this recommendation and opinion, see “—Assumptions Underlying the December 2001 and September 2002 Updates” below. For more information on this updated opinion, see “—Opinion of the Financial Advisor of the Independent Allocation Committee of the Board.”

### *September 2002 Update*

In the spring of 2002, in connection with the preparation of materials relating to the lawsuit brought by certain Associate Members and Membership interest holders, management learned that certain data relating to historical contract volume attributable to each membership class, which was previously provided by the CBOT to the Independent Allocation Committee and its financial advisor, was inaccurate. In particular, the inaccurate data overstated the amount of historical contract volume attributable to Full Members and IDEMs of the CBOT. As a result of this discovery, management conducted a thorough review of the process previously utilized to generate such data, corrected this process and delivered revised data to the Independent Allocation Committee and its financial advisor. On March 9, 2002 the Independent Allocation Committee held a meeting for the purpose of discussing the inaccuracies in the historical contract volume data and the impact, if any, of the revised information on the fairness of the Allocation Ratio.

On September 13, 2002, the Independent Allocation Committee held a meeting for the purpose of reviewing the refinements to the restructuring transactions proposed to be adopted by the board of directors subsequent to the committee’s meeting in December 2001 and the circumstances related to the CBOT’s discovery of inaccuracies in the historical contract volume data provided to the committee, including actions undertaken by

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the CBOT to collect the data and the process utilized to generate such data. William Blair and Winston & Strawn, as advisors to the Independent Allocation Committee, participated in the meeting. In addition, Kirkland & Ellis, counsel to the CBOT, attended a portion of the meeting at the invitation of the Independent Allocation Committee to provide a update on the lawsuit brought by certain Associate Members, GIMs, IDEMs and COMs described elsewhere in this document. For more information on this lawsuit, see “—Risk Factors: Certain Members have Filed a Complaint in Illinois State Court Challenging the Proposed Allocation of Equity in the CBOT.”

On September 17, 2002, the Independent Allocation Committee held another meeting for the purpose of considering the proposed refinements to the restructuring transactions. William Blair and Winston & Strawn, as advisors to the Independent Allocation Committee, participated in this meeting. Based on these deliberations, the Independent Allocation Committee, with the concurrence of its financial advisor, concluded that the factors which supported its earlier recommendation remained an appropriate basis for determining an allocation methodology in the context of the restructuring transactions. The Independent Allocation Committee further concluded that although the changes in the contract volumes of the various classes of members were material in the context of the allocation ratio implied by this factor taken alone, such changes were not material in the context of the overall allocation taking all five factors into account, given the lesser importance the Independent Allocation Committee attached to this factor and the lack of any material changes in the other four factors. Accordingly, the Independent Allocation Committee updated its recommendation as fair of an allocation in accordance with the Allocation Ratio of shares of common stock of CBOT Holdings among the members in respect of their memberships and instructed William Blair to give an opinion as to whether the proposed allocation was fair from a financial point of view to the various classes of members.

The Independent Allocation Committee unanimously adopted a resolution, which was delivered to the board of directors on September 17, 2002 recommending an allocation in accordance with the Allocation Ratio of shares of common stock of CBOT Holdings among the CBOT members in respect of their memberships in connection with the restructuring transactions. In reaching this conclusion, the Independent Allocation Committee received and considered an opinion of September 17, 2002 from William Blair that the proposed allocation was fair, from a financial point of view, to each of the five classes of members.

### *Assumptions Underlying the December 2001 and September 2002 Updates*

The updated recommendations of the Independent Allocation Committee on December 18, 2001 and September 17, 2002, as well as William Blair’s letter as of December 18, 2001 and its opinions, dated September 24, 2001, and September 17, 2002 were based on a number of assumptions, including that:

- the restructuring would not take the form of a liquidation;
- the trading rights and privileges of each CBOT membership class, including the Chicago Board Options Exchange exercise right of Full Members, would remain intact;
- each CBOT member would receive, in addition to an appropriate series of Class B membership in the CBOT subsidiary and associated trading rights and privileges, the number of shares of common stock of CBOT Holdings to which such member would be entitled per the allocation ratio in respect of his or her membership;
- each Full Member would receive a Class C membership in the CBOT subsidiary, which would represent the Chicago Board Options Exchange exercise right; and
- the allocation did not take into consideration any possible transaction or business combination with any other party.

### **Opinion of the Financial Advisor to the Independent Allocation Committee**

Since no mechanism currently exists in our certificate of incorporation, bylaws or rules and regulations for allocating ownership in our organization among the CBOT members, the CBOT established the Independent Allocation Committee as described above at “—Independent Allocation Committee of the Board” and William Blair was retained by the Independent Allocation Committee to render a written opinion as to the fairness, from a financial point of view, of the allocation of equity in CBOT Holdings among the CBOT members in respect of

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their memberships. William Blair was hired based on its qualifications and expertise in providing financial advice to companies and its reputation as a nationally recognized investment banking firm. William Blair was paid total fees of \$750,000 for the issuance of its written opinion to the Independent Allocation Committee and the board of directors and each update through the January 16, 2001 update. On September 7, 2001, the CBOT and William Blair agreed to extend William Blair's engagement for nine months for a fee of \$200,000. On September 3, 2002, the CBOT and William Blair agreed again to extend William Blair's engagement for twelve months for a fee of \$200,000. Thus, the total fees paid to William Blair to date are \$1,150,000. Payment of the fees was not conditioned on the conclusion reached by William Blair in its opinion. We also agreed to indemnify William Blair against potential liabilities and expenses arising out of both its initial and its extended engagement. We note that, in the opinion of the SEC, indemnification against liabilities under the U.S. federal securities laws is against the public policy expressed in the Securities Act and is, therefore, unenforceable.

At the request of the Independent Allocation Committee, William Blair originally delivered to the committee its oral fairness opinion on May 5, 2000, which was also confirmed in writing as of such date and also addressed to our board of directors. In light of the August 31, 2000 abandonment of the original restructuring strategy, which had contemplated two separate for-profit companies, in favor of the revised restructuring strategy, which contemplated a single demutualized company operating the electronic trading company as a wholly owned subsidiary, William Blair reissued its opinion on November 20, 2000, which it confirmed in writing on November 21, 2000 and updated on January 16, 2001. The November 21, 2000 and January 16, 2001 opinions were also addressed to our board of directors.

In light of the further refinements to the revised restructuring strategy recommended by the Executive Committee and management in September 2001, and at the request of the Independent Allocation Committee, William Blair reviewed and considered the refinements to the restructuring transactions, including the creation of a holding company and the distribution of common stock of the holding company to the members of the CBOT, and reissued its opinion by letter dated September 24, 2001 and reissued its opinion on September 17, 2002. On September 17, 2002, the Independent Allocation Committee confirmed its updated recommendation concerning the allocation and the board of directors met to consider, and voted to approve, the restructuring transactions, including the recommended allocation of common stock of CBOT Holdings among the CBOT members in respect of their memberships.

In the spring of 2002, management learned that certain data relating to historical contract volume attributable to each membership class, which was previously provided by the CBOT to the Independent Allocation committee and its financial advisor, was inaccurate. In particular, the inaccurate data overstated the amount of historical contract volume attributable to Full Members of the CBOT. As a result of this discovery, management conducted a thorough review of the process previously utilized to generate such data, corrected this process and delivered revised data to the Independent Allocation Committee and its financial advisor.

In August 2002, at the request of the Independent Allocation Committee, William Blair reviewed and considered the revised data and reissued its opinion by letter dated September 17, 2002. The September 17, 2002 opinion was also addressed to our board of directors.

The September 24, 2001 and September 17, 2002 opinions and December 18, 2001 update were also addressed to our board of directors. For more information, see “—Background of the Restructuring Transactions—Development of the Restructuring Strategy.”

The opinion, dated September 17, 2002 was substantially similar to William Blair's January 16, 2001 and November 21, 2000 opinions and stated that, based upon and subject to the matters set forth in the opinion, the allocation in accordance with the Allocation Ratio to the CBOT members of shares of common stock of CBOT Holdings in respect of their memberships in connection with the restructuring transactions is fair, from a financial point of view, to each of the five classes of CBOT members. William Blair's November 21, 2000 and January 16, 2001 opinions had stated, with similar qualifications, that an allocation in the same ratio of common stock of the then proposed stock, for-profit corporation would be fair, from a financial point of view, to each of the five classes of CBOT members. William Blair's May 5, 2000 opinion had stated, also with similar qualifications, that an allocation in the same ratio of common stock of the then proposed stock, for-profit

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corporation and the electronic trading company would be fair, from a financial point of view, to each of the five classes of CBOT members. The full text of the William Blair fairness opinion, dated September 17, 2002, is attached as Appendix D to this document and describes the assumptions made, matters considered and limits on the scope of the review undertaken, by William Blair. **We urge you to read the opinion carefully in its entirety before voting on the propositions relating to the restructuring transactions.**

William Blair's opinions address only the fairness, from a financial point of view, to each class of the CBOT members of the allocation of shares of common stock of CBOT Holdings among the CBOT members in respect of their memberships in connection with the restructuring transactions. William Blair's opinions do not address the merits of our underlying decision to engage in the restructuring transactions or the fairness of the consideration to be received by the CBOT members in respect of memberships in the restructuring transactions; in other words, the opinions do not express a view as to whether the combination of financial interests and other rights, such as voting rights, to be received by each of the CBOT members in the restructuring transactions is a fair exchange for the interests and rights to be surrendered by such member in the restructuring transactions. The opinions accordingly do not constitute a recommendation to any CBOT member as to the desirability of the restructuring transactions for you or how you should vote with respect to the propositions relating to the restructuring transactions. See "Risk Factors—Risks Relating to the Restructuring Transactions—We Have Not Determined or Received Any Opinion Regarding the Value of the CBOT Before or After the Restructuring Transactions or the Value of the Securities and/or Memberships You Will Receive in the Restructuring Transactions Compared to the Value of the Memberships You Currently Own."

In rendering each of its opinions, William Blair assumed and relied, without independent verification, upon the accuracy and completeness of all the information examined by or otherwise reviewed or discussed with it for purposes of the opinion. William Blair did not make or obtain an independent valuation or appraisal of our assets, liabilities or solvency. Each opinion is based upon economic, market, financial and other conditions existing on, and other information disclosed to William Blair, as of the date of the opinion. Although subsequent developments may affect an opinion, William Blair does not have any obligation to update, revise, reaffirm or reissue such opinion except when requested as provided in the letter agreement between William Blair and the CBOT, dated September 3, 2002.

In connection with its review of the restructuring transactions and the preparation of the opinions, William Blair examined, among other things:

- copies of materials prepared by the CBOT concerning the possible restructuring;
- various organizational documents of CBOT Holdings, the CBOT and Ceres, including the proposed certificate of incorporation and bylaws of CBOT Holdings and the CBOT subsidiary and rules and regulations of the CBOT and the Ceres limited partnership agreement;
- various trading and financial statistics, including CBOT annual reports for the years ended December 31, 1995 through 1999, inclusive, containing historical financial data for such periods, contract volume data by member class from January 1994 to July 31, 2002, seat cross ownership statistics as of April 2000, and other historical financial data contained in the initial and amended filings of the registration statements of CBOT and CBOT Holdings relating to the restructuring transactions;
- certain publicly available information regarding terms of certain transactions involving restructurings of exchanges comparable to the CBOT\* and the allocation of value;
- presentations provided to us by our consultants and financial and legal advisors;

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\* Transactions examined included the demutualizations of the Chicago Mercantile Exchange, the International Petroleum Exchange, the London International Financial Futures Exchange, and the Sydney Futures Exchange. William Blair concluded that none of the transactions examined for which adequate documentation for meaningful review was available involved an exchange that, in William Blair's judgment, had characteristics sufficiently similar to the CBOT's to assume substantial significance in William Blair's analysis.

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• letters to the CBOT and CBOT Holdings from various CBOT members regarding the restructuring transactions; and

• information regarding the historical trading prices of memberships.

In connection with its opinions, William Blair also examined drafts of the registration statement on Form S-4 of the CBOT relating to the restructuring transactions and the certificates of incorporation and bylaws of CBOT Holdings and the CBOT subsidiary.

William Blair also held discussions with current and former members of our senior management and of the various classes of members of CBOT regarding the foregoing, considered other matters which it deemed relevant to its inquiry and has taken into account such accepted financial and investment banking procedures and considerations as it deemed relevant.

William Blair was also advised by the Independent Allocation Committee that, for purposes of rendering its opinions, it could assume that the restructuring transactions will not be effected by means of a liquidation. William Blair made this assumption without independent legal analysis.

Furthermore, in connection with its review of the restructuring transactions and the preparation of its September 17, 2002 opinion, William Blair assumed that:

• the restructuring would not take the form of a liquidation;

• the trading rights and privileges of each CBOT membership class, including the Chicago Board Options Exchange exercise right of Full Members, would remain intact;

• each CBOT member would receive, in addition to an appropriate series of Class B membership in the CBOT subsidiary and associated trading rights and privileges, the number of shares of common stock of CBOT Holdings to which such member would be entitled per the allocation ratio in respect of his or her membership;

• each Full Member would receive a Class C membership in the CBOT subsidiary, which would represent the Chicago Board Options Exchange exercise right; and

• the allocation did not take into consideration any possible transaction or business combination with any other party.

The assumptions in William Blair's earlier opinions varied from the foregoing assumptions in light of differences between the form of the restructuring transactions as then contemplated and the restructuring transactions now being proposed to Full Members and Associate Members for their approval. In particular:

• opinions issued with respect to earlier versions of the restructuring transactions that contemplated the reorganization or liquidation of Ceres made assumptions relating to such Ceres transaction (or disclaimed an opinion as to its fairness), and since the currently proposed restructuring does not affect Ceres current ownership, William Blair's September 17, 2002 opinion makes no such assumptions; and

• earlier opinions made certain assumptions and recitations with respect to the types of securities contemplated to be received by members in connection with the restructuring transactions that differed from the corresponding assumptions in the September 17, 2002 opinion because the restructuring transactions now contemplate the issuance of different securities than previously contemplated in connection with the restructuring transactions. For example, earlier opinions made certain assumptions and recitations with respect to the distribution to members of equity in the CBOT, rather than equity in CBOT Holdings, as currently contemplated.

See "—Independent Allocation Committee of the Board" above, for additional discussion of the assumptions made in connection with William Blair's opinions.

The following summarizes the principal financial analyses performed by William Blair to arrive at the conclusions set forth in its opinion, dated September 17, 2002. William Blair performed similar financial

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analyses in arriving at its conclusions in its May 5, 2000, November 21, 2000, January 16, 2001 and September 24, 2001 opinions. William Blair performed certain procedures, including each of the financial analyses described below, and reviewed with the Independent Allocation Committee the assumptions upon which such analyses were based, and other factors. The preparation of a fairness opinion is a complex process. The summary set forth below does not purport to be a complete description of the analyses performed or factors considered by William Blair in this regard.

In arriving at its conclusion, William Blair considered various methodologies for allocating ownership among the CBOT members in respect of their memberships in connection with the restructuring transactions. William Blair concluded, in its professional judgment, that an allocation methodology that takes into account a combination of factors rather than a single factor was appropriate, and that such combination of factors should include, with respect to each of the five classes of CBOT members:

- the relative liquidation rights of the five classes of membership in the CBOT;
- the relative voting rights of the five classes of membership in the CBOT;
- the allocation made in respect of each class of membership in connection with the formation of Ceres;
- the market values of CBOT memberships; and
- the contract volumes attributable to each class of CBOT membership.

In reaching its judgment that use of a combination of allocation factors is fair and appropriately considers the interests of all membership classes, William Blair observed that no one method is conclusive as to the allocation of ownership. William Blair concluded that liquidation rights—and voting rights—are important measures of member ownership by class because both are characteristics of memberships that vary by class (but not by member), do not vary over time, were known by members when they purchased seats, and are inherent in ownership of memberships. Voting rights were also viewed as important because they represent control, which often carries a premium in corporate transactions. The allocation made in respect of each class of membership in connection with the formation of Ceres was viewed as a third important measure of members' relative ownership by class because it is a CBOT precedent for an allocation of distributions to members by class. Trading volume was viewed as a factor to be considered as an indication of each membership's contribution to CBOT liquidity and value, but was considered less important, because it varies by individual member (rather than consistently across each class) and varies over time, holders of multiple memberships can skew the data, and because of uncertainty as to the correlation between trading volumes, contribution to CBOT profitability and entitlement to a share of equity. Seat prices were also viewed as a factor to be considered, as values derived through open market transactions that should reflect efficient market pricing, but were considered less important because of their fluctuations over time, difficulties in separating ownership elements reflected in seat prices from trading rights which are also reflected in seat prices, and an inability to separate prices for Full Memberships from the value of the CBOE exercise right, which would be retained by Full Members in the restructuring transactions.

Although, as discussed above, William Blair attached greater importance to liquidation rights, voting rights and the allocation made in respect of each membership in connection with the formation of Ceres, William Blair did not otherwise weight the five factors or perform a mathematical calculation based on the factors. William Blair compiled the data, discussed below, with respect to the five factors, discussed the factors and such data with the Independent Allocation Committee, and advised the Committee as to Blair's ability to render a fairness opinion with respect to the allocation ratio that has been recommended by the Independent Allocation Committee.

In each table below, the Implied, Per Membership, Share Allocation Ratio states, for the applicable factor, the ratio for allocating the shares of CBOT Holdings that such factor supports. Thus, for example, in the case of relative liquidation rights, on a hypothetical liquidation at a time when there was one member of each class and total proceeds of \$1.288, the Full Member would be entitled to \$1 and the Associate Member to 16.7 cents. Because \$1 is six times greater than 16.7 cents, this implies a share ratio of allocation between the Full Member and the Associate Member of 6.0:1.0.

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*Relative Liquidation Rights*

William Blair reviewed the liquidation rights as defined in the CBOT bylaws, including the rules, which provide for the sharing of proceeds from dissolution allocated to each member in the event of liquidation. In addition, William Blair reviewed the implied, per membership, share allocation ratios, as set forth below:

Member Class	Liquidation Share Per Member	Implied, Per Membership, Share Allocation Ratio*
Full	1.000	6.00
Associate	0.167	1.00
GIM	0.111	0.67
IDEM	0.005	0.03
COM	0.005	0.03

\* Stated as a multiple of Liquidation Share Per Member for the Associate Member class.

*Relative Voting Rights*

William Blair reviewed voting rights per CBOT member as set forth in the CBOT certificate of incorporation, bylaws and rules and regulations. In addition, William Blair reviewed the implied, per membership, share allocation ratios, as set forth below:

Member Class	Relative Voting Rights Per Member	Implied, Per Membership, Share Allocation Ratio*
Full	1.000	6.00
Associate	0.167	1.00
GIM	0.000	0.00
IDEM	0.000	0.00
COM	0.000	0.00

\* Stated as a multiple of Relative Voting Rights Per Member for the Associate Member class.

*Allocation Made in Respect of Each Membership in Connection with the Formation of Ceres*

William Blair reviewed the allocation of profits as defined in the Ceres limited partnership agreement for the 70% of Ceres owned by the Ceres limited partners who are CBOT members other than the clearing members. In addition, William Blair reviewed the implied, per membership, share allocation ratios, as set forth below:

Member Class	Allocation of Profits by Member Class (1)	Per Member Allocation of Profits (2)	Implied, Per Membership, Share Allocation Ratio (3)
Full	90.28%	0.06439%	6.00
Associate	8.49%	0.01073%	1.00
GIM	0.82%	0.00537%	0.50
IDEM	0.21%	0.00032%	0.03
COM	0.21%	0.00032%	0.03

- (1) As defined in the Ceres limited partnership agreement. Based on member seat count, as stated in Amendment No. 2 to the Registration Statement on Form S-4 of CBOT Holdings (Registration No. 333-72184), as follows: Full (1,402), Associate (791), GIM/one-half Associate Members (152), IDEM (642) and COM (643).
- (2) Defined as Allocation of Profits by Member Class divided by the respective member seat count.
- (3) Stated as a multiple of Per Member Allocation of Profits for the Associate Member class.



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### *Market Values of Memberships*

William Blair reviewed the median historical trading prices of CBOT memberships for the one-year period ending July 21, 1999, the day before the announcement of the formation of the Restructuring Task Force and the restructuring initiative. In addition, William Blair reviewed the implied, per membership, share allocation ratios, as set forth below:

Member Class	Median Membership Price (For the One Year Period Ending July 21, 1999)	Implied, Per Membership, Share Allocation Ratio*
Full	\$490,000	2.49
Associate	\$197,000	1.00
GIM	\$ 89,000	0.45
IDEM	\$ 27,000	0.14
COM	\$ 55,000	0.28

\*Stated as a multiple of Median Membership Price for the Associate Member class.

William Blair also considered median historical trading prices for the five-year period ending July 21, 1999, as well as spot market prices as of September 11, 2002 for each CBOT membership class.

### *Contract Volumes*

William Blair reviewed the contract volume traded by each CBOT membership class as a percentage of the total contract volume traded by all CBOT membership classes. The analysis was based on contract trading volume data for the period beginning September 1, 1998 and ending July 31, 2002, the latest such period for which contract trading volume data by CBOT membership class was readily available. In addition, William Blair reviewed the implied, per membership, share allocation ratios, as set forth below:

Member Class	Percent of Total Contract Volume by Member Class*	Implied, Per Membership, Share Allocation Ratio**
Full	34.90%	0.72
Associate	48.59%	1.00
GIM	6.46%	0.13
IDEM	3.12%	0.06
COM	6.93%	0.14

\*Approximately ten percent of the total contract volume over such period was not allocated to any membership category, and most of such unallocated volume consisted of "non-local" electronic volume entered through member firms that, with three exceptions related to Eurex, are required to have at least one Full Membership in addition to the junior memberships such firms may have.

\*\*Stated as a multiple of Percent of Total Contract Volume by Member Class for the Associate Member class.

The following table sets forth the inaccurate contract volume data for the period beginning September 1, 1998 and ending December 12, 2001, previously supplied to the Independent Allocation Committee and William Blair:

Member Class	Percent of Total Contract Volume by Member Class	Implied, Per Membership, Share Allocation Ratio
Full	47.68%	1.16
Associate	41.28%	1.00
GIM	0.56%	0.01
IDEM	5.35%	0.13
COM	5.13%	0.12

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The foregoing description is only a summary of the material aspects of the financial analyses used by William Blair in connection with rendering the opinions. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. It involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying William Blair's opinions. In arriving at the opinions, William Blair considered the results of all these analyses. The analyses were prepared solely for the purposes of William Blair providing its opinion as to the fairness, from a financial point of view, to each of the five classes of CBOT members, of the allocation of shares of common stock of CBOT Holdings among the CBOT members in respect of their memberships in connection with the restructuring transactions.

Any analysis of the fairness, from a financial point of view, to the CBOT members of the allocation, involves complex considerations and judgments. The fairness opinions, the update letter, and the related presentations to the Independent Allocation Committee on May 5, 2000, November 20, 2000, January 16, 2001, September 24, 2001 and September 17, 2002 were among many factors taken into consideration by the Independent Allocation Committee in recommending the allocation. William Blair's opinions and the update letter are for the use and benefit of the Independent Allocation Committee and the board of directors in their consideration of the allocation in the context of the restructuring transactions.

William Blair was not requested to, and did not, participate in the structuring of the restructuring transactions nor was it asked to consider, and its opinions do not address, the relative merits of the restructuring transactions as compared to any alternative business strategies that might exist for us or the effect of any other transaction in which we might engage, the value of the CBOT before or after the completion of the restructuring transactions, or the fairness of the consideration to be received by CBOT members in respect of their memberships in connection with the restructuring transactions. See "Risk Factors—Risks Relating to the Restructuring Transactions—We Have Not Determined or Received Any Opinion Regarding the Value of the CBOT Before or After the Restructuring Transactions or the Value of the Securities and/or Memberships You Will Receive in the Restructuring Transactions Compared to the Value of the Memberships You Currently Own."

### **Stock Exchange Listing; Market for Shares and Memberships**

We have no current plans to list the common stock of CBOT Holdings or the memberships of the CBOT subsidiary on any stock exchange.

No market presently exists for the common stock of CBOT Holdings. Although we cannot provide any assurances in this regard, we currently believe that a market for the common stock of CBOT Holdings and the Class B memberships in the CBOT subsidiary may develop that is similar to the current markets for CBOT memberships. The current markets for memberships in the CBOT should facilitate the development of new markets for the common stock of CBOT Holdings and the Class B memberships in the CBOT subsidiary. As the rights and privileges associated with the Class C membership in the CBOT subsidiary are not currently transferable separate and apart from a Full Membership in the CBOT, we are uncertain as to what, if any, market will develop for Class C memberships in the CBOT subsidiary and what effect the transferability of the Class C Memberships in the CBOT subsidiary will have on the market for the common stock of CBOT Holdings and Class B Memberships in the CBOT subsidiary.

### **U.S. Federal Income Tax Consequences**

On September 30, 2002, we received a private letter ruling from the Internal Revenue Service to the effect that, for U.S. federal income tax purposes, you will not recognize any gain or loss strictly as a result of receiving shares of common stock of CBOT Holdings and Class B and Class C memberships in the CBOT subsidiary and that CBOT Holdings will not recognize any gain or loss strictly as a result of CBOT Holdings receiving the Class A membership in the CBOT subsidiary in connection with the restructuring transactions as originally proposed in

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2001. We are seeking a supplemental ruling from the IRS to the effect that certain changes to the CBOT subsidiary's corporate governance structure reflected in this document will not affect certain of the IRS' holdings in its September 30, 2002 ruling. Receipt of a favorable ruling from the IRS with respect to the receipt by members of Class B and Class C memberships in the CBOT subsidiary and receipt of a favorable ruling from the IRS or an opinion of counsel with respect to the receipt by CBOT Holdings of the Class A membership in the CBOT subsidiary and receipt by members of common stock of CBOT Holdings, in each case in form and substance satisfactory to our board, are conditions to our obligation to complete the restructuring transactions.

Based upon our understanding of the position of the IRS in the private letter ruling issued to the CBOT as well as rulings issued with respect to other exchanges involved in the process of demutualization and the opinion of our counsel as described elsewhere in this document:

- ÿ you will not recognize gain or loss as a result of your receipt of shares of common stock of CBOT Holdings and Class B and Class C memberships in the CBOT subsidiary or as a result of the receipt by CBOT Holdings of the Class A membership in the CBOT subsidiary;
- ÿ assuming this non-recognition treatment, the aggregate basis in your current membership will carry over to your common stock of CBOT Holdings and Class B and Class C memberships in the CBOT subsidiary;
- ÿ the holding period of the common stock of CBOT Holdings and Class B and Class C memberships in the CBOT subsidiary received by you will include the period for which you held your current membership, provided that you held your membership as a capital asset or property as described in Code Section 1231 on the date of the distribution of the common stock of CBOT Holdings and Class B and Class C memberships in the CBOT subsidiary; and
- ÿ we will not recognize any gain or loss upon our demutualization.

For more information, including the opinion of our counsel on these matters, see "Material U.S. Federal Income Tax Consequences of the Restructuring Transactions."

### **Absence of Appraisal Rights**

Members who object to the restructuring transactions will have no statutory appraisal or dissenters rights under applicable law. Appraisal or dissenters rights, if available, would have enabled members to demand payment of the fair value of their memberships in cash rather than accept the consideration to be received as a result of the restructuring transactions. Under Delaware law, these rights generally apply to transactions involving mergers or consolidations of stock corporations but not similar transactions involving only nonstock corporations. The demutualization will be accomplished by distribution of a dividend of shares of common stock to our members and a merger of two nonstock corporations. Accordingly, if the restructuring transactions are completed, notwithstanding the fact that you may vote against the propositions relating to the restructuring transactions, you will become entitled to shares of common stock of CBOT Holdings, a Class B membership in the CBOT subsidiary and, to the extent you are a Full Member, a Class C membership in the CBOT subsidiary, as described in this document.

### **Accounting Matters**

The accounting treatment of certain aspects of the restructuring transactions will be treated similar to a reorganization of entities under common control. Under this method of accounting, no gain or loss will be recognized, and the assets and liabilities of the CBOT will appear on the books of CBOT Holdings at their same recorded amounts.

### **Regulatory Matters**

In addition to those conditions described below at "—Conditions to Completing the Restructuring Transactions," our obligation to complete the restructuring transactions is subject to:

- ÿ receipt of any approvals required by the Commodity Futures Trading Commission in connection with the proposed changes to our certificate of incorporation, bylaws and rules and regulations that will be made in connection with the restructuring transactions; and

Y receipt of confirmation by the CFTC that implementation of the restructuring transactions will not have a material adverse effect on our contract market designation.

We are currently in the process of reviewing such proposed changes with the CFTC. We currently expect that, pursuant to applicable CFTC regulations, the CFTC will make its determinations regarding such changes within 45 days following membership approval of the propositions relating to the restructuring transactions. However, under certain circumstances, this process could take much longer. Although we currently expect to receive these approvals from the CFTC, we can provide no assurance as to when or whether we will receive such approvals.

Also, the restructuring transactions may be subject to certain regulatory requirements of other state, federal and foreign governmental agencies and authorities, including those relating to the regulation of securities. We are currently working to evaluate and comply, as applicable, in all material respects with these requirements and do not anticipate that they will hinder, delay or restrict completion of the restructuring transactions.

In connection with our compliance with these regulatory requirements, we have engaged ABN AMRO Financial Services, Inc. to serve as a registered broker-dealer or dealer, as applicable, in certain jurisdictions to assist us with certain aspects of the membership vote relating to, and other matters regarding, the restructuring transactions. We agreed to pay ABN AMRO Financial Services \$50,000 plus reasonable expenses for their services and to indemnify them against potential liabilities arising out of its engagement. We note that, in the opinion of the SEC, indemnification against liabilities under the U.S. federal securities laws is against public policy expressed in the Securities Act and, therefore, this indemnification may be deemed unenforceable. We may adopt other special procedures in connection with these compliance efforts.

No filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, are required in connection with the restructuring transactions generally. However, if any CBOT member acquires enough securities in connection with the restructuring transactions to exceed any threshold stated in the regulations under this act, and if an exemption under those regulations does not apply, such member and the CBOT and CBOT Holdings, as applicable, could be required to make filings under this act, and the waiting period under the act would have to expire or be terminated before any issuance of shares to such member could be effected. A filing requirement could delay the distribution of shares to such member for several months or more.

#### **Conditions to Completing the Restructuring Transactions**

We will not be obligated to complete the restructuring transactions unless and until each of the following conditions has been satisfied or waived:

- Y the Full Members and Associate Members, voting together as a single class based on their respective voting rights, shall have approved each of the four propositions being submitted for their approval in connection with the restructuring transactions in accordance with our certificate of incorporation, bylaws and rules and regulations and applicable law;
- Y we shall have received a favorable ruling from the Internal Revenue Service to the effect that the receipt by members of Class B and Class C memberships in the CBOT subsidiary and a favorable ruling from the IRS or an opinion of counsel to the effect that receipt by CBOT Holdings of the Class A membership in the CBOT subsidiary and receipt by members of common stock of CBOT Holdings, in each case, in form satisfactory to our board of directors, will not result in the recognition of gain to our members under U.S. federal tax law;
- Y we shall have received any approvals required by the Commodity Futures Trading Commission in connection with the changes to our certificate of incorporation, bylaws and rules and regulations that will be made in connection with the restructuring transactions and we shall have received confirmation from the CFTC that implementation of the restructuring transactions will not have a material adverse effect on the CBOT's contract market designation, and we shall have received any other governmental or regulatory approvals and authorizations determined by us to be necessary or appropriate;

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- we shall have received each required material third party consent, which the failure to obtain would, in the sole and absolute determination of the board of directors, have a material adverse effect on CBOT Holdings or the CBOT subsidiary;
- there shall be no court order or administrative or other regulation or similar decree prohibiting or restricting the completion of the restructuring transactions;
- our board of directors shall not have determined that there is a material risk of an adverse outcome in the litigation brought by certain Associate Members, GIMs, IDEMs and COMs challenging the proposed allocation methodology (which, as described in greater detail elsewhere in this document, has been decided in our favor by a court of law); and
- our board of directors shall not have determined that the restructuring transactions are no longer in the best interests of the CBOT and its members or that the restructuring transactions are not fair to each class of CBOT membership.

In making this determination, our board of directors will give due consideration to all relevant facts and circumstances, including, among other things, any update, confirmation or reaffirmation of the fairness opinion received by the board in connection with the restructuring transactions, the then current status of any litigation relating to the restructuring transactions, if any, and the expected effects, if any, of the restructuring transactions on the exercise right.

We currently expect to complete the restructuring transactions as soon as reasonably practicable following the satisfaction of these conditions.

**Board Recommendation**

Our board of directors has determined that the restructuring transactions are in the best interests of the CBOT and its members and that the restructuring transactions are fair to each class of CBOT membership. **The board of directors has approved the restructuring transactions and recommends that Full Members and Associate Members vote “FOR” each of the propositions relating to the restructuring transactions.**

Each of the four propositions relating to the restructuring transactions being submitted for your approval is expressly conditioned upon approval of each of the other propositions. **This means that, unless ALL FOUR of these propositions are approved, the restructuring transactions will not have been approved by the members and, accordingly, will not be completed.**

**CAPITALIZATION**

We set forth below the historical capitalization of the CBOT and a pro forma capitalization of CBOT Holdings giving effect to the restructuring transactions. This information should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” the historical consolidated financial statements of the CBOT included in this document as Appendix A and the unaudited pro forma condensed consolidated financial statements of CBOT Holdings included in this document as Appendix B.

	As of September 30, 2002	
	Actual	Pro Forma After Effects of Issuance of Common Stock(1)
		(In thousands)
Long-term debt	\$ 46,041	\$ 46,041
Members’ equity:		
Members’ equity	229,690	—
Accumulated other comprehensive income	106	—
Total members’ equity	229,796	—
Stockholders’ equity:		
Common stock, \$0.001 par value, 39,802,650 shares authorized, issued and outstanding	—	40
Additional paid-in capital	—	229,650
Accumulated other comprehensive income	—	106
Total stockholders’ equity	—	229,796
Total capitalization	\$275,837	\$ 275,837

(1) Pro forma data reflects such adjustments as necessary, in the opinion of management, to reflect the conversion of members’ equity to common stock of CBOT Holdings.

**SELECTED CONSOLIDATED FINANCIAL DATA**

The following table sets forth selected consolidated financial and other data for the CBOT. The balance sheet data as of December 31, 2001 and 2000 and operating data for the years ended December 31, 2001, 2000 and 1999 have been derived from the audited consolidated financial statements and related notes included elsewhere in this document. The balance sheet data as of December 31, 1999, 1998 and 1997 and operating data for the years ended December 31, 1998 and 1997 have been derived from audited financial statements and related notes not included in this document. The balance sheet and operating data as of, and for the nine months ended September 30, 2002 and 2001 are unaudited but include, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of such data. The results of operations for the nine months ended September 30, 2002 are not necessarily indicative of the results that may be expected for the entire year. The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," the consolidated financial statements and related notes, the unaudited pro forma condensed consolidated financial statements and other financial information included elsewhere in this document.

	Nine Months Ended September 30,		Year Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
<b>Operating Data</b>	(in thousands)						
Revenues:							
Exchange fees	\$ 155,617	\$ 91,747	\$ 129,030	\$ 101,981	\$ 102,545	\$ 112,115	\$ 88,932
Market data(1)	44,255	49,888	66,509	61,060	54,028	53,100	47,242
Building(2)	19,882	18,897	24,828	24,530	22,653	21,876	21,896
Services(3)	12,000	9,592	12,629	17,848	20,279	16,907	15,776
Other(4)	2,640	8,269	10,936	8,742	4,443	3,187	3,629
<b>Total revenues</b>	<b>234,394</b>	<b>178,393</b>	<b>243,932</b>	<b>214,161</b>	<b>203,948</b>	<b>207,185</b>	<b>177,475</b>
Expenses:							
Salaries and benefits	44,002	44,337	58,545	56,391	64,133	57,991	49,384
General and administrative expenses	8,010	10,001	12,840	15,557	21,084	15,896	17,089
Building operating costs	17,364	16,724	22,961	22,584	23,171	22,572	21,023
Depreciation and amortization	29,579	32,810	43,537	40,013	36,140	33,764	27,681
Information technology services	28,570	29,717	40,904	36,742	16,677	11,576	9,669
Contracted license fees	7,621	—	—	—	—	—	—
Programs(5)	1,576	1,280	1,847	3,539	7,280	8,802	9,974
Professional services	19,991	11,966	20,013	32,459	45,717	37,719	13,366
Loss on impairment of long-lived assets	6,244	—	15,210	—	—	—	—
Interest	3,704	5,280	6,734	6,773	6,774	7,170	6,483
Litigation	10,735	3,000	3,000	—	—	—	—
Severance and related costs	299	4,936	9,875	8,261	327	—	—
<b>Operating expenses</b>	<b>177,695</b>	<b>160,051</b>	<b>235,466</b>	<b>222,319</b>	<b>221,303</b>	<b>195,490</b>	<b>154,669</b>
Income (loss) from operations	56,699	18,342	8,466	(8,158)	(17,355)	11,695	22,806
Total incomes taxes (credit)	23,384	7,486	4,002	1,950	(2,895)	5,051	6,147
Income (loss) before cumulative effect of change in accounting principle and minority interest	33,315	10,856	4,464	(10,108)	(14,460)	6,644	16,659
Cumulative effect of change in accounting principle—net of tax of \$36(6) and \$2,026(7), respectively	—	(51)	(51)	—	(2,920)	—	—
Income (loss) before minority interest	33,315	10,805	4,413	(10,108)	(17,380)	6,644	16,659
Minority interest in (income) loss of subsidiary	—	—	—	—	6,933	(38)	(6,995)
<b>Net income (loss)</b>	<b>\$ 33,315</b>	<b>\$ 10,805</b>	<b>\$ 4,413</b>	<b>\$ (10,108)</b>	<b>\$ (10,447)</b>	<b>\$ 6,606</b>	<b>\$ 9,664</b>

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	Nine Months Ended September 30,		Year Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
(dollars in thousands, except per share data)							
<b>Balance Sheet Data</b>							
Total assets	\$ 370,802	\$ 372,638	\$ 359,061	\$ 373,836	\$ 373,379	\$ 400,971	\$ 397,449
Total liabilities	141,006	170,120	162,988	182,516	172,405	189,924	193,538
Short-term borrowings	16,339	19,767	18,398	27,083	6,500	—	1,662
Long-term borrowings	46,041	59,158	58,324	64,286	87,500	100,726	105,000
Total equity	229,796	202,518	196,073	191,320	200,974	211,047	203,911
<b>Pro forma Data(8)</b>							
Total assets	\$ 370,802	\$ 372,638	\$ 359,061	\$ 373,836	\$ 373,379	\$ 400,971	\$ 397,449
Total liabilities	141,006	170,120	162,988	182,516	172,405	189,924	193,538
Short-term borrowings	16,339	19,767	18,398	27,083	6,500	—	1,662
Long-term borrowings	46,041	59,158	58,324	64,286	87,500	100,726	105,000
Total equity	229,796	202,518	196,073	191,320	200,974	211,047	203,911
Net income (loss)	33,315	10,805	4,413	(10,108)	(10,447)	6,606	9,664
Net income (loss) per share(9)	0.84	0.27	0.11	(0.25)	(0.26)	0.17	0.24
<b>Other Data</b>							
Current ratio(10)	1.75	1.02	1.11	0.71	1.02	1.41	1.42
Working capital (deficit)	\$ 45,079	\$ 1,781	\$ 8,324	\$ (22,507)	\$ 1,067	\$ 18,574	\$ 18,457
Capital expenditures	23,934	10,336	16,358	38,497	25,165	26,985	48,529
Interest coverage ratio(11)	16.31	4.47	2.26	N/A	N/A	2.63	4.52
Number of full time employees at end of period	659	640	661	711	846	853	805
Sales price per CBOT Full Membership—High	\$ 453	\$ 360	\$ 415	\$ 642	\$ 633	\$ 780	\$ 858
—Low	240	290	290	255	400	384	660

- (1) Beginning in 2000, the CBOT repriced the distribution of market data. At the same time, the CBOT introduced a rebate to member firms for fees paid for market data. This rebate is offset against market data revenue.
- (2) Building revenue consists of rental payments from tenants for leased space in buildings owned by the CBOT.
- (3) Services revenue consists of those charges for telecommunications, member services-related fees, workstation fees, exchange floor services and other services.
- (4) Other revenues consist of members' dues, interest income, fines and other miscellaneous items. Members' dues consist of dues on both CBOT and MidAmerica Commodity Exchange memberships. Dues on CBOT memberships were waived from 1989 through May 2000, and again beginning January 2002.
- (5) Programs include costs primarily related to marketing and communication programs.
- (6) In 2001, the CBOT adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended and interpreted, requiring recognition of all derivative instruments in the Consolidated Statements of Financial Condition as either assets or liabilities and the measurement of those instruments at fair value. SFAS No. 133 also requires changes in the fair value of derivative instruments to be recorded each period in current earnings or other comprehensive income depending on the intended use of the derivatives.
- (7) In 1999, the CBOT adopted Statement of Position ("SOP") 98-5, "Reporting on the Costs of Start-Up Activities." SOP 98-5 requires that start-up activities be expensed as incurred. Previously, start-up activities were capitalized and amortized.
- (8) Reflects the conversion of members' equity to common stock of CBOT Holdings.
- (9) Based on 39,802,650 shares issued and outstanding immediately following the completion of the restructuring transactions.
- (10) Equals current assets divided by current liabilities.
- (11) Equals the sum of income from operations plus interest expense divided by interest expense.



**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS**

*This document contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks and uncertainties faced by us as described below and elsewhere in this document, including under "Risk Factors" above.*

**Overview**

Our primary business is the operation of markets for the trading of listed financial and commodity futures contracts and options on futures contracts. In addition to our traditional open outcry auction markets, we offer electronic trading through the a/c/e system, which is based on a modified form of technology used at Eurex, the largest derivatives exchange in the world. We derive revenue from exchange fees relating to the trading in our markets, which accounted for 66% of our total revenues in the first nine months of 2002. In order to increase our volume and resulting revenues, we seek to develop and promote contracts designed to satisfy the trading, hedging and risk-management needs of our market participants.

Because our trading fees are assessed on a per-transaction basis, our trading revenues are directly correlated to the volume of contracts traded on our markets. Many factors may affect our trading volume, including fluctuations in interest rate volatility, growth in equity trading, the general domestic business cycle, changes in weather and farming conditions and changes in the debt management policy of the United States government.

In addition to trading fees, we also derive revenue from the sale of our market data. Because we are the primary market for our products, our price information has value as a key indicator of the overall financial and agricultural markets. To some extent, revenues from the sales of our market data are also dependent upon volume, as well as our ability to remain a primary market and to respond to innovations in technology that may affect the availability and price of market data. These revenues may also be subject to legislative and regulatory changes. Sales of market data accounted for 19% of our total revenues in the first nine months of 2002.

The expenses relating to our trading operations are primarily fixed in nature, meaning that the overall expense structure is generally independent of trading volume. Salaries and benefits represent our largest expense category and are mostly dependent upon our staffing requirements and the overall employment market. Other operating expenses have increased in recent years primarily due to expenses associated with upgrades to our computer systems, enhancements to our trading systems and development of the restructuring transactions.

We rent commercial space in the buildings that we own. In the first nine months of 2002, revenues from our real estate operations represented 8% of our total revenues. These revenues are generally affected by market rental rates, lease renewals and business conditions in the financial services industry in which most of our tenants operate. Building expenses are dependent on variable utility costs, cleaning expenses, real estate taxes and other general operating costs.

The board of directors of the CBOT currently possesses the authority to levy assessments on its membership. The memberships of the CBOT subsidiary existing after completion of the restructuring transactions will be subject to assessment on substantially the same terms.

**Results of Operations**

*Nine months ended September 30, 2002 compared to nine months ended September 30, 2001*

*Net Income.* Net income for the nine months ended September 30, 2002 was \$33.3 million, a 208% increase compared to \$10.8 million for the comparable period of 2001.

*Revenues.* Consolidated operating revenues for the nine months ended September 30, 2002 were \$234.4 million, an increase of 31%, from \$178.4 million in the corresponding period of 2001.

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Exchange fee revenues are the core of the CBOT's business. Exchange fee revenue is a function of three variables: (1) exchange fee rates, determined primarily by contract type, trading mechanism and membership/customer status; (2) trading volume and (3) transaction mix. In the fourth quarter of 2001, a comprehensive study was conducted by the CBOT addressing the rates charged for various trading activities. Based on the results of this study, in 2002 the CBOT revised certain aspects of its fee structure, which took effect throughout the year. While pricing is established by the CBOT, volume and transaction mix are primarily influenced by factors outside the CBOT's control. These external factors include, among other things: price volatility in the underlying commodities, interest rate or inflation volatility, changes in the U.S. Government monetary policy, weather conditions in relation to agricultural commodities, and national and international economic and political conditions.

Trading volume during the first nine months of 2002 was 253.0 million contracts, a 34% increase from 188.9 million contracts in 2001. Open outcry trading volume for the current period increased 6% to 163.5 million contracts compared to 153.8 million contracts in the prior year. Trading volume for electronic trading increased 155% to 89.5 million contracts in 2002 versus 35.1 million contracts in 2001. During the first nine months of 2002, all of our electronic trading occurred through the a/c/e system. Since the launch of the a/c/e system, the percentage of electronic trading to total trading volume has progressively increased from approximately 12% at the inception of the a/c/e system to an average of 20% in 2001 and an average of 35% in the first nine months of 2002.

Due to the increased trading volume and revised fee structure described above, as well as the increased proportion of electronic trading which has higher fees, revenues from exchange fees increased 70%, or \$63.9 million, from \$91.7 million in 2001 to \$155.6 million in 2002. The average rate per contract was \$0.62 for the nine months ended September 30, 2002, compared to \$0.49 for the same period of the prior year.

Open outcry fees, which are the primary component of the exchange floor trading segment's exchange fees were \$77.9 million for the nine months ended September 30, 2002, a 22% increase compared to \$64.0 million in the prior year period. The revised fee structure implemented in the current year, as well as the increased volume in open outcry trading mentioned above, resulted in increased open outcry fees. Fees charged to members and delegates were \$16.7 million higher, while fees charged to non-members decreased \$7.9 million compared to the prior year period. Volume discounts offered as part of the revised fee structure lowered open outcry trading fees by \$1.8 million.

Electronic trading fees, which are the primary component of the electronic trading segment's exchange fees, were \$77.7 million in the current period, 180% higher than \$27.7 million recorded in the same period of the prior year. The increased electronic trading volume described above, as well as the revised fee structure implemented in the current year, accounted for the higher electronic trading fees. The increased electronic trading revenue accounted for 78% of the total increase in exchange fee revenue. Fees charged to members and delegates for electronic trading increased \$29.2 million in the current period, while fees charged to non-members were \$25.2 million higher than the prior year. Volume discounts offered as part of the revised fee structure lowered electronic trading fees by \$4.4 million.

In April 2002, the board of directors approved certain additional waivers and fee reductions of several categories of fees charged by the CBOT. Fee reductions and waivers varied by product type and customer class and were used as an incentive to increase volume in such product or class. In the nine months ended September 30, 2002, waivers reduced exchange fee revenues by less than 4% of total exchange fee revenue. The use of volume discounts and waivers is expected to continue through the remainder of 2002 and in the near future.

Market data revenues, a component of the exchange floor trading segment, were \$44.3 million in 2002, an 11% decrease from \$49.9 million in 2001. The main component of market data revenues, quote fees, decreased by \$6.4 million, or 14%, in the current period due to a reduction in the average number of terminal subscriptions in 2002 versus 2001. This was offset to a degree by a \$1.0 million reduction in rebates to member firms for terminal subscription fees. These rebates, which were \$2.5 million and \$3.5 million in 2002 and 2001, respectively, will be discontinued in 2003. The reduction in terminal subscriptions is consistent with recent trends as industry consolidation and the increased use of electronic trading systems, which do not typically charge for the distribution of market data, have reduced the total subscription needs for market data. This trend is expected to continue in the future.

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Building revenues from leased office space, a component of the real estate operations segment, were \$19.9 million for the nine months ended September 30, 2002, \$1.0 million higher than the \$18.9 million for the same period of 2001. This increase consists primarily of an \$0.8 million early termination penalty charged to one tenant. This tenant's lease expires in June of 2003; however, the tenant has vacated as of the end of 2002. The building revenues attributable to this tenant were \$4.2 million and \$4.0 million in the nine months ended September 30, 2002 and 2001, respectively, excluding the early termination penalty. If the space occupied by the tenant cannot be leased at similar lease rates or in a timely manner, building revenues could be significantly affected.

Service revenues, a component of the exchange floor and electronic trading segments, increased in 2002 to \$12.0 million from \$9.6 million a year earlier, primarily the result of new fees charged to all traders for services provided by the CBOT. One such fee, the trading floor efficiency fee, which was charged in the first six months of 2002, was waived for the remainder of the year. The waiver of trading floor efficiency fees for the remainder of the year resulted in a decrease in revenues of \$1.3 million in the third quarter and is expected to reduce revenues by about \$1.3 million in the fourth quarter of 2002. Membership dues have not been assessed in the current year. Member dues recorded in the first nine months of 2001 totaled \$6.8 million. Trading floor efficiency fees and member dues may be assessed when determined necessary based upon our review of operational funding requirements. Trading floor efficiency fees and member dues are independent of fees charged for trading and are not believed to have an effect on trading volume or the number of memberships outstanding.

*Operating Income.* Income from operations increased 209%, or \$38.4 million, to \$56.7 million in the first nine months of 2002. Operating income from the exchange floor trading segment increased 7%, or \$3.6 million, to \$55.4 million in the current year. The increase in exchange floor trading operating income results primarily from \$4.9 million in increased segment revenues. Income from operations of the electronic trading segment was \$4.6 million in the current year, a \$30.5 million increase from an operating loss of \$25.9 million in 2001. This increase is primarily the result of higher segment revenues of \$50.2 million, offset by an increase in litigation expenses in 2002 of \$7.7 million related to a patent infringement lawsuit, as well as an asset impairment of \$6.2 million. The relinquishment of our rights to the a/c/e system resulted in \$7.6 million of contracted license fees in the current year. The real estate operations segment improved by \$4.3 million to a loss of \$3.3 million in the current year, primarily as a result of lower corporate overhead allocations.

*Expenses.* Operating expenses totaled \$177.7 million for the nine months ended September 30, 2002, compared to \$160.1 million for the same period of 2001, an 11% increase. Operating expenses as a percent of total revenues decreased from 90% in the first nine months of 2001, to 76% in the current period, thereby raising the operating margin to 24% from 10% in the comparable periods.

At the end of 2001, the CBOT decided to pursue licensing the a/c/e system, as opposed to making capital investments to upgrade future versions. Accordingly, an impairment adjustment was recorded to revalue the a/c/e system to its net realizable value of \$12.5 million, which was to be completely amortized through June 2002, at which time a licensing agreement was projected to be in place. The new licensing arrangement actually became effective in April of this year. Accordingly, the March 31, 2002 book value of \$6.2 million for the a/c/e system was expensed as a loss on long-lived assets.

Salaries and benefits were \$44.0 million during the first nine months of 2002, a slight decrease from \$44.3 million for the same period of 2001. Notable variances from the prior period included increased incentive accruals of \$1.3 million, offset by decreased salaries and wages of \$0.6 million.

During the first nine months of 2001, 50 employees were terminated and \$4.9 million of severance and related costs were incurred related to ongoing staff reductions at the CBOT. During the first nine months of 2002, 13 employees were terminated and \$0.3 million of severance and related costs were incurred.

General and administrative expenses decreased 20% to \$8.0 million in the nine months ended September 30, 2002, down from \$10.0 million in the same 2001 period. The first nine months of 2001 included a bad debt charge of \$1.6 million related to one market data customer. No such charge was made during the first nine months of 2002. Also, losses related to fixed asset retirements of \$1.3 million were recorded in the prior year.

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Depreciation and amortization charges decreased 10% from \$32.8 million to \$29.6 million, in the first nine months of 2001 and 2002, respectively. The first quarter of 2002 included \$6.2 million of accelerated depreciation related to the impairment adjustment made to the a/c/e system at the end of 2001. At December 31, 2001, the CBOT revalued the a/c/e system to its net realizable value of \$12.5 million, which was initially intended to be completely amortized through June 2002. As discussed above, the remaining book value at March 31, 2002 was expensed as a loss on long-lived assets.

Information technology services were \$28.6 million in the nine months ended September 20, 2002, a \$1.1 million, or 4%, decrease from \$29.7 million in 2001. The decrease primarily related to a \$2.5 million reduction in data processing costs. This was partially offset by a \$1.4 million increase in the operating expenses of the a/c/e system.

Contracted license fees were \$7.6 million in the nine months ended September 30, 2002. No such charges were incurred in 2001. As discussed above, the license fees relate to the new licensing arrangement for the a/c/e system that became effective in April of this year. The license obligates the CBOT to make fee payments of 2.5 million euros (equal to \$2.5 million at September 30, 2002) quarterly, as well as a variable quarterly fee denominated in euros, which, for contracts existing prior to the execution of the license agreement, is a function of daily a/c/e system volume in excess of the minimum number of contracts specified in the license agreement and the rate that is determined based on the number of contracts traded on the a/c/e system in a single day as specified in the license agreement. For a/c/e system contracts created subsequent to the execution of the license agreement, the variable fee is calculated as a fixed percentage of the exchange fees generated by these contracts. As trading volume on the a/c/e system has increased since its inception, the variable portion of the fee is expected to increase over the duration of the license.

Professional service expenses increased 67%, or \$8.0 million, to \$20.0 million in the current period. Consultant expenses and legal expenses increased \$4.1 million and \$3.9 million, respectively, in 2002 compared to the prior year. Professional services also included amounts related to the current demutualization plan of \$2.2 million in both of the nine months ended September 30, 2002 and 2001.

On August 27, 2002, the CBOT announced an agreement to settle a patent infringement lawsuit. In accordance with the settlement agreement, the CBOT is to pay \$15.0 million over a five year period, which consists of an initial payment of \$5.0 million, with five subsequent annual payments of \$2.0 million. In October of 2002, the CBOT obtained a favorable ruling on litigation that had alleged soybean antitrust violations. While this ruling has been appealed, the CBOT believes that no payments by the CBOT to the plaintiffs will be required as a result of such appeal. The effect of the foregoing legal matters was recorded in the third quarter of 2002 and, net of amounts previously accrued, was about \$10.7 million of expense. This amount is net of a discount of \$1.3 million arising from the determination of the present value of the foregoing annual payments using a 4.7% discount rate.

Building operating costs increased slightly in the first nine months of 2002 to \$17.4 million, from \$16.7 million in 2001, due to fluctuations in supplies, maintenance and security expenses. Interest expense decreased 30%, or \$1.6 million, due to reductions in outstanding debt. Finally, program costs increased from \$1.3 million to \$1.6 million.

### *Year ended December 31, 2001 compared to year ended December 31, 2000*

*Net Income*—Net income for the year ended December 31, 2001 was \$4.4 million compared to a net loss of \$10.1 million for the comparable period of 2000. During 2001, consolidated operating revenues increased by \$29.7 million. This increase was partially offset by a loss on asset impairment of \$15.2 million (\$9.0 million after tax) as discussed in Note 1 to the consolidated financial statements.

*Revenues.* Consolidated operating revenues for the year ended December 31, 2001 were \$243.9 million, an increase of 14%, from \$214.2 million in the corresponding period of 2000.

Exchange fee revenue is a function of three variables: (1) exchange fee rates, determined primarily by contract type, trading mechanism and membership/customer status; (2) trading volume and (3) transaction mix.

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Total trading volume in 2001 was 260.3 million contracts, an 11% increase from 233.5 million contracts in 2000. The average rate per contract increased from \$0.44 in 2000 to \$0.50 in 2001. Open outcry trading volume for the year ended December 31, 2001 was down 5% at 207.8 million contracts compared to 218.0 million contracts in the prior year. Trading volume for electronic trading, however, increased to 52.6 million contracts in 2001 versus 15.5 million contracts in 2000. Electronic trading occurred on the Project A platform until August 27, 2000, when it was replaced by the a/c/e system. Since the launch of the a/c/e system, the percentage of electronic trading to total trading volume has progressively increased from approximately 12% at the inception of the a/c/e system to an average of 20% in 2001. The averages for the first, second, third and fourth quarters of 2001 were 15%, 19%, 22% and 24%, respectively.

Open outcry fees, which are the primary component of the exchange floor trading segment's exchange fees, were \$88.1 million for the year ended December 31, 2001, compared to \$83.8 million in the prior year period. The largest component of open outcry fees, non-member fees, decreased from \$65.2 million in 2000 to \$58.2 million in 2001, a decline of \$7.0 million, or 11%. Approximately \$5.7 million of this decrease related to an increase in net rebates requested from clearing firms for trades erroneously reported to the CBOT as non-member trades and adjusted during 2001.

The increased electronic trading volume described above, which was offset to a degree by lower rates charged for screen trading versus the prior year, resulted in electronic trading fees, which are the primary component of the electronic trading segment's exchange fees, of \$40.9 million in 2001, up 125% from \$18.2 million in 2000. This increase accounted for 84% of the total increase in exchange fee revenue. Non-member fees, which are the largest component of electronic trading fees, increased \$10.7 million in 2001 to \$19.8 million. This increase more than offset the decrease experienced in non-member open outcry fees.

Adjustments to previously reported exchange fee revenues arise primarily from the subsequent identification by clearing firms of misclassifications of the membership/customer status that had been reported by the clearing firms in their initial submission to the CBOT. Prior to July 15, 2001, clearing firms could submit requests for adjustments relating to trading activity during the past 5 years. Subsequent to July 15, 2001, the period for adjustments was reduced to one year.

Adjustments to exchange fees, arising principally from corrections to member firm reporting submitted by those firms, are recorded in the period such adjustments are reported to the CBOT as it is not practical for the CBOT to estimate such exchange fee adjustments until requests for such adjustments are received. The CBOT recorded adjustments to exchange fees in the amount of a \$4.6 million reduction and a \$1.1 million addition during 2001 and 2000, respectively, of which \$3.7 million and \$0.9 million related to prior years.

Market data revenues, a component of the exchange floor trading segment, were \$66.5 million in 2001, an increase of 9% from \$61.1 million in 2000. The main component of market data revenues, quote fees, actually decreased by \$2.1 million in 2001. The net increase resulted primarily from a \$7.3 million reduction in rebates to member firms for terminal subscription fees. Rebates, which were \$3.6 million and \$10.9 million in 2001 and 2000, respectively, are currently available to member firms for a third of their market data fees. Previously, rebates were available to member firms and their subsidiaries for 60% of their market data fees. Rebates are accrued in the month that the revenues are recorded.

Building revenues from leased office space, a component of the real estate operations segment, were \$24.8 million for the year ended December 31, 2001, slightly more than the \$24.5 million for the same period of 2000. Leased space remained relatively unchanged from 2000 to 2001. In 2001, one tenant accounted for approximately 22% of building revenues. This tenant's lease expires in June of 2003; however, the tenant has indicated that they intend to vacate as of the end of 2002. Building revenues attributable to this tenant were \$5.4 million and \$5.2 million in 2001 and 2000, respectively. If the space occupied by the tenant cannot be leased at similar rates or in a timely manner, building revenues could be significantly affected.

Service revenues, a component of the exchange floor and electronic trading segments, decreased in 2001 to \$12.6 million from \$17.8 million a year earlier, primarily the result of the absence in the current year of \$3.7

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million of revenue from equipment rent and communication line charges related to the former electronic platform, Project A. Service revenues consist primarily of telecommunication charges, badge fees, booth space rentals and membership application and registration fees.

Membership dues, a component of the exchange floor trading segment, of \$9.0 million were recognized in 2001, compared to \$5.5 million in 2000. Beginning in June of 2000, the CBOT reinstated dues to all CBOT members. The year-over-year increase in membership dues was a result of a full year of dues in 2001 versus seven months of dues in 2000.

*Operating Income.* Income from operations increased to \$8.5 million in 2001, a \$16.7 million increase from the \$8.2 million operating loss in 2000. Operating income from the exchange floor trading segment increased 47%, or \$21.3 million, to \$66.7 million 2001. This increase resulted primarily from increased segment revenue of \$7.2 million, lower corporate overhead allocations of \$5.7 million and lower technology and business development costs of \$5.1 million. Operating loss from the electronic trading segment increased \$10.4 million to \$51.0 million in 2001. The decreased earnings primarily resulted from an asset impairment charge of \$15.2 million, discussed in Note 1 to the consolidated financial statements included in Appendix A to this document, as well as increased depreciation of \$5.1 million, increased salary and benefits of \$5.7 million and increased a/c/e operations costs of \$3.6 million, all of which was offset by increased electronic trading revenues of \$22.3 million. Operating loss from the real estate operations segment improved by \$5.7 million to a loss of \$7.2 million in 2001. The increase in real estate operations is primarily a result of a \$3.1 million reduction in corporate overhead allocations and \$1.4 million of increased internal rent charges for CBOT staff space.

*Expenses*—Operating expenses totaled \$235.5 million for the year ended December 31, 2001, compared to \$222.3 million for the same period of 2000, an increase of 6%. Operating expenses before the employee termination benefits and asset impairment charge decreased \$3.7 million, or 2%.

Salaries and benefits, which account for one quarter of operating expenses, were \$58.5 million in 2001, a 4% increase from \$56.4 million for the same period of 2000. The increase primarily resulted from increased employee incentive expenses of \$2.8 million offset to a degree by \$1.4 million decreased salaries and benefits costs related to reduced employee staffing levels from 2000 levels.

Severance and related costs in 2000 were \$8.3 million and related primarily to the contract settlement with the former CEO of the CBOT. Severance and related costs in 2001 were \$9.9 million and resulted from ongoing staff reductions at the CBOT. Included in this amount were \$1.8 million of severance and contract settlement expenses with two former executive officers, as well as expenses related to the elimination of 82 additional staff positions via layoffs in September 2001 and an early retirement package offered to select employees at the end of 2001, which aggregated \$2.2 million and \$5.9 million, respectively.

General and administrative expenses decreased to \$12.8 million for the year ended December 31, 2001, a \$2.7 million, or 17%, decrease from the \$15.6 million recorded in the prior year period. The decrease was primarily the result of reduced fixed asset retirement expenses of \$2.6 million.

Depreciation and amortization charges increased 9%, from \$40.0 million to \$43.5 million, for the year ended December 31, 2001. The increase primarily related to additional depreciation for computer equipment, as well as software for the a/c/e system, that was capitalized in 2000 and 2001. Depreciation and amortization, which are non-cash items, represented approximately 18% of total expenses in 2001.

Information technology services in 2001 were \$40.9 million, \$4.2 million, or 11%, higher than those recorded in the previous year. Operating expenses of the a/c/e system, the largest component of information technology services, increased \$3.6 million in 2001, to \$23.5 million. The a/c/e system was implemented in the second half of 2000; therefore, 2001 was the first year with a full twelve months of operating costs, which led to the higher costs in 2001. Data processing costs, which comprise the remaining balance of information technology services, were \$17.4 million in 2001 versus \$16.9 million in 2000.

Professional services expenses were \$23.0 million, a decrease of 29%, or \$9.5 million, from \$32.5 million in the year earlier period. This decrease was largely the result of lower expenses for corporate restructuring, consultants and leased programmers in the amounts of \$5.3 million, \$4.8 million and \$0.7 million, respectively.

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These reductions were offset somewhat by an increase in legal expenses of \$2.8 million, as the CBOT is seeking to resolve various pending lawsuits. Professional services included amounts related to the current demutualization plan of \$4.6 million and \$9.9 million in the year ended December 31, 2001 and 2000, respectively.

Building operating costs increased slightly to \$23.0 million from \$22.6 million in 2000, due to fluctuations in supplies, maintenance and security expenses. Finally, program costs decreased from \$3.5 million to \$1.8 million, as a result of the continuing change in the focus of the marketing efforts of the CBOT.

The provision for income taxes was \$3.7 million for the year ended December 31, 2001, compared to \$2.0 million in the year earlier period. The effective tax rate for the current year was 47%. This rate is higher than the corporate federal and state combined rate of 41% due to certain non-deductible expenses, primarily related to the costs associated with the corporate restructuring process.

### *Year ended December 31, 2000 compared to year ended December 31, 1999*

*Net Loss.* For the year ended December 31, 2000, the CBOT had a net loss of \$10.1 million compared to a net loss of \$10.4 million in the prior year. The loss for 2000 is primarily the result of contract settlement expenses related to the termination of the employment agreement with the former president and chief executive officer of approximately \$8.3 million and bad debt expense of \$2.1 million related to an account receivable from one market data customer.

*Revenues.* In 2000, our consolidated operating revenues increased 5% to \$214.2 million compared to \$203.9 million in 1999.

Revenues from exchange fees slightly decreased to \$102.0 million compared to \$102.5 million in 1999. The average rate per contract increased from \$0.40 in 1999 to \$0.44 in 2000. Exchange fees are derived from two sources: open outcry trading, which is included in the exchange floor trading segment, and electronic trading, which is included in the electronic trading segment. The amount of exchange fees from open outcry trading was \$83.8 million in 2000, compared to \$83.9 million in 1999. The largest component of open outcry fees, non-member fees, decreased from \$68.5 million in 1999 to \$65.2 million in 2000, a decline of 5%. The decrease in non-member fees was partially offset by an increase in the fee rate charged to members and delegates beginning in September 2000. The amount of exchange fees from electronic trading was \$18.2 million in 2000 compared to \$18.6 million in 1999. Total trading volume declined to 233.5 million contracts in 2000 from 254.6 million contracts in 1999. Trading volume for electronic trading was 15.5 million contracts in 2000 and 11.2 million contracts in 1999.

The decreased revenue from exchange fees was offset by increased market data revenues, a component of the exchange floor trading segment. In 2000, the CBOT recognized \$61.1 million in revenue from the sale of market data compared to \$54.0 million in 1999, representing an increase of 13%. This increase was due primarily to an increase in the price charged for certain market data. The change in pricing of market data fees included the creation of a rebate program available to member firms and their subsidiaries allowing them a rebate equal to 60% of the new market data fees. Such rebates totalled \$10.9 million in 2000.

Building revenues from leased office space, which are included in the real estate operations segment, increased to \$24.5 million in 2000, an 8% increase from 1999, primarily due to a rental rate increase in this same period. The amount of lease space remained relatively steady from 1999 to 2000. One tenant accounted for \$5.2 million, or 23%, of total building revenues in the current year and \$5.6 million, or 25%, in 1999.

Service revenues, a component of the exchange floor and electronic trading segments, decreased 12% from \$20.3 million in 1999 to \$17.8 million in 2000. Service revenues consist of telephone charges, badge fees, booth space and member services related fees. The decrease was primarily attributable to decreased revenues from fees charged to access the trading floor communication system and the elimination of Project A terminal leasing and communication charges in September 2000.

Membership dues, a component of the exchange floor trading segment, were \$5.5 million in 2000 compared to \$0.4 million in 1999. The increase was a result of the reinstatement of dues charged to all CBOT members in June 2000.

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*Operating Income.* Loss from operations improved to \$8.2 million in 2000 from a loss of \$17.4 million in 1999. Operating income from the exchange floor trading segment increased \$29.6 million, to \$45.3 million, in 2000, primarily as a result of \$13.9 million of incremental revenues, lower depreciation of \$3.9 million and lower salary and benefits. Operating loss from the electronic trading segment was \$40.6 million in 2000, a \$17.2 million decrease from 1999. Higher depreciation of \$7.5 million, a decline in segment revenue of \$5.5 million and higher technology costs were the primary cause of the decline. Operating loss from the real estate operations segment increased to \$12.9 million in 2000 from \$9.7 million despite an increase in revenues of \$1.9 million due to higher allocable operating costs.

*Expenses.* Operating expenses were relatively unchanged at \$222.3 million in 2000, compared to \$221.3 million in 1999.

Salaries and benefits decreased 12% to \$56.4 million from \$64.1 million in 1999. The decrease was due to reduced staffing levels relative to 1999. Salary expense decreased \$2.7 million from \$47.7 million in 1999 to \$45.0 million in 2000. In addition, incentive compensation for employees decreased \$3.1 million from \$4.2 million in 1999 to \$1.1 million in 2000. Furthermore, pension and savings plan expense decreased \$1.9 million from \$4.4 million in 1999 to \$2.5 million in 2000.

In 2000, severance and related costs of \$8.3 million were recorded and related primarily to the contract settlement with the former CEO of the CBOT. Severance and related costs in 1999 were \$0.3 million and resulted from ongoing staff reductions at the CBOT.

Information technology services were \$36.7 million in 2000, \$20.1 million higher than the prior year. The increase primarily related to \$19.8 million of operating expenses related to the a/c/e system that was implemented in 2000. No such expenditures were incurred in 1999.

Professional service expenses were \$32.5 million in 2000, unchanged from 1999. Professional services include the cost of restructuring, which was approximately \$9.9 million in 2000 compared to \$1.7 million in 1999. Included in 1999 were costs of approximately \$8.0 million associated with making our computer systems year 2000 compliant.

Building operating expenses decreased 3% from \$23.2 million in 1999 to \$22.6 million in 2000. Program costs decreased 51% from \$7.3 million in 1999 to \$3.5 million in 2000. These costs decreased primarily as a result of the change in the marketing efforts of the CBOT.

While the CBOT recognized a loss before income taxes, a provision for income taxes was recorded due to the non-deductibility of certain restructuring costs.

### **Financial Position**

At September 30, 2002, total assets were \$370.8 million, an increase of \$11.7 million from December 31, 2001. Accounts receivable were \$8.8 million higher than at year end, primarily the result of increased exchange fee revenues. Property and equipment, net of accumulated depreciation, was \$251.8 million at September 30, 2002, a decrease of \$10.2 million from December 31, 2001. The decrease in net property and equipment during the current period was primarily a function of recorded depreciation of \$27.7 million, impairment of the a/c/e system of \$6.2 million, loss on disposal of assets of \$0.2 million and capital spending of \$23.9 million, including the acquisition of the CBOEdirect software license recorded in the third quarter of 2002 for \$9.6 million.

Total liabilities at September 30, 2002 decreased 13%, or \$22.0 million, to \$141.0 million, from \$163.0 million at year end 2001. Financing activities included payments of \$10.7 million on private placement senior notes, \$8.0 million on an asset secured note, \$4.3 million for final payment to Deutsche Börse AG related to the a/c/e system and \$0.8 million on an obligation to CBOE for the CBOEdirect software license, as well as a \$9.6 million addition to debt related to the CBOE obligation. Total debt was reduced to \$62.4 million, from \$76.7 million at year end 2001.

At December 31, 2001, total assets were \$359.1 million, a decrease of \$14.8 million from \$373.8 million at December 31, 2000. Current assets increased \$28.5 million from \$54.0 million at the end of 2000 to \$82.5 million at December 31, 2001, primarily due to an increase in unrestricted cash of \$27.3 million. Property and



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equipment, net of accumulated depreciation, was \$262.0 million at December 31, 2001, a decrease of \$41.8 million from \$303.8 million at December 31, 2000. The change in net property and equipment during 2001 was primarily a function of the \$15.2 million asset impairment write-down, as well as capital spending of \$16.4 million, recorded depreciation of \$41.0 million and \$2.0 million of disposals of obsolete computer hardware. The most significant portion of the \$16.4 million of capital spending consisted primarily of \$8.7 million of software for the a/c/e system. Other assets were \$1.4 million lower at \$14.6 million, primarily the result of \$2.5 million of amortization.

Total liabilities at December 31, 2001 decreased \$19.5 million to \$163.0 million, from \$182.5 million at the end of 2000. Financing activities included proceeds of \$10.0 million from the issuance of a note payable secured by certain CBOT assets. Other changes in debt were comprised of payments of \$10.7 million on private placement senior notes, \$7.3 million to retire a revolving credit facility, \$4.2 million net paydown on a note payable to Deutsche Börse AG related to the a/c/e system and \$2.0 million payments on the asset secured note. Thus, total long-term debt, including the current portion, was reduced to \$76.7 million at December 31, 2001.

Current liabilities were 3% lower at \$74.2 million versus \$76.5 million at year-end 2000. The change was the result of several factors. Current portion of long-term debt decreased by \$8.7 million at December 31, 2001. This decrease, however, was offset by increases to certain accruals. Rebate requests on exchange fees from non-member traders resulted in a \$4.4 million increase to the exchange fee refund reserve. Also, employee termination expenses recorded due to restructuring efforts led to a \$3.5 million increase to severance reserves.

### **Liquidity and Capital Resources**

At September 30, 2002, cash and cash equivalents were \$71.3 million, compared to \$53.2 million at December 31, 2001. The increase consisted primarily of net cash generated from operating activities of \$56.2 million less cash used for repayment of debt and capital expenditures of \$23.8 million and \$14.4 million, respectively. Working capital was \$45.1 million at September 30, 2002, up from \$8.3 million at the end of 2001. CBOT management believes that current cash balances, future funds generated through operations and financing arrangements, will be sufficient to meet cash requirements currently and in the long-term.

At December 31, 2001, cash and cash equivalents were \$53.2 million, compared to \$28.2 million at December 31, 2000, an increase of \$25.0 million. This increase consisted primarily of net cash generated from operating activities of \$55.2 million less cash used for capital expenditures of \$16.4 million and net repayment of debt of \$14.3 million.

Current assets exceeded current liabilities by \$8.3 million at December 31, 2001, a significant improvement from the \$22.5 million of net current liabilities at year-end 2000. Several factors led to the improved cash flow such as the reinstatement of annual member dues. Also, capital expenditures were reduced as capital spending decreased \$22.1 million from 2000. Finally, increased net earnings led to increased cash flows from operating activities, which significantly improved liquidity.

In January 2003, the CBOT board of directors selected LIFFE to become the supplier of the CBOT's electronic trading system upon the expiration of our current arrangements with the Eurex Group. On January 10, 2003, the CBOT entered into a software license agreement with LIFFE for use of the LIFFE CONNECT™ software system, and we expect to enter into other agreements with LIFFE during the first half of 2003 with respect to the implementation and operation of the system.

### **Market Risk**

The CBOT provides the market for trading futures and options on futures. However, it does not trade futures and options on futures for its own account. The CBOT invests available cash in highly liquid, short-term investment grade paper. The CBOT does not believe there is significant risk associated with these short-term investments.

### **Foreign Currency Risk**

The CBOT historically has transacted minimal business in foreign currencies. The a/c/e system licensing agreement with the Eurex Group, however, has necessitated the entry by the CBOT into additional foreign currency transactions, specifically in euros.

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On September 27, 2000, the CBOT entered into foreign exchange forward contracts with a financial institution to hedge its risk of foreign currency fluctuations related to certain commitments to Eurex and related entities, denominated in euros. The notional amount of these contracts totaled approximately \$29.0 million with exchange rates ranging from .89429 to .91100 and maturities at various dates through 2002 which correspond to the terms of the commitments. In December 2000, the CBOT decided not to pursue certain software commitments for enhancements. The CBOT then entered into approximately \$9.8 million of foreign exchange forward contracts offsetting certain of the contracts entered into in September 2000. Gains and losses on certain of the original forward contracts, which are hedging ongoing commitments, are deferred, and totaled a gain of approximately \$462,000 at December 31, 2000. A net gain of approximately \$819,000 at December 31, 2000 on all other forward contracts was recognized in earnings and included in other revenue in the Consolidated Statements of Income.

At September 30, 2002, the CBOT had foreign exchange forward contracts with a financial institution to hedge its risk of foreign currency fluctuations related to certain liabilities and commitments in euros with Eurex and related entities.

Foreign exchange forward contracts designated as cash-flow type hedges of liabilities or firm commitments had notional amounts approximating \$13.6 million (14.5 million euros) at September 30, 2002. A gain before income taxes of approximately \$0.2 million was recognized on these contracts and recorded as accrued liabilities and other comprehensive income for these derivatives at September 30, 2002. This amount is expected to be reclassified into earnings as the commitments are recorded, which is expected to occur by March 31, 2003.

### **Adoption of Accounting Pronouncements**

On January 1, 2001, the CBOT adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended and interpreted. SFAS No. 133 requires recognition of all derivative instruments in the Consolidated Statements of Financial Condition as either assets or liabilities and the measurement of those instruments at fair value. SFAS No. 133 also requires changes in the fair value of the derivative instruments to be recorded each period in current earnings or other comprehensive income depending on the hedge designation and whether the hedge is highly effective. If the derivative is designated as a fair-value hedge, the changes in the fair value of the derivative and the hedged item are recognized in earnings. If the derivative is designated in a cash-flow hedge, changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the Consolidated Statements of Income when the hedged item affects earnings. SFAS No. 133 defines new requirements for designation and documentation of hedging relationships as well as ongoing effectiveness assessments in order to use hedge accounting. For a derivative that does not qualify, or is not designated, as a hedge, changes in fair value are recognized in earnings.

On January 1, 2001, the CBOT recorded in the Consolidated Statements of Income an \$87,000 pretax loss (\$51,000 loss, after tax) as the cumulative effect of the change in the foregoing accounting principle. The loss related to derivatives that were either not designated as hedges or derivatives that had been used as fair-value type hedges prior to adoption of SFAS No. 133. In addition, the CBOT recorded a \$462,000 pretax gain in other comprehensive income, reflecting the cumulative effect of the foregoing change in accounting principle, relating to derivatives that had been used as cash-flow type hedges prior to adoption of SFAS No. 133.

The CBOT formally measures effectiveness of its hedging relationships both at the hedge inception and on an ongoing basis in accordance with its risk management policy. The CBOT will discontinue hedge accounting prospectively if it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item; when the derivative expires or terminates; when the derivative is de-designated as a hedge instrument, because it is probable that the forecasted transaction will not occur; or management determines that designation of the derivative as a hedge instrument is no longer appropriate.

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations," which established accounting and reporting standards for business combinations on or after July 1, 2001. All combinations in the scope of this statement are to be accounted for using the purchase method. The adoption of SFAS No. 141 did not have an impact on the CBOT's financial position or results of operations.

## Recent Accounting Pronouncements

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets," which established accounting and reporting standards for acquired goodwill and other intangible assets. SFAS No. 142, which is effective January 1, 2002 for the CBOT, addresses how intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. SFAS No. 142 also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. The adoption of SFAS No. 142 did not have a significant impact on the CBOT's financial position or results of operations.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which addresses the financial accounting and reporting for obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long-lived asset. This statement amends SFAS No. 19, "Financial Accounting and Reporting by Oil and Gas Companies." For the CBOT, this statement is effective January 1, 2003 and, when adopted is not expected to have a material impact on the financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses the financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and the accounting and reporting provisions of APB No. 30, "Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for disposal of a segment of a business. SFAS No. 144 was adopted for the year ending December 31, 2002 and is not expected to have a material impact on the financial position or results of operations.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections," which rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt," and an amendment of that Statement, SFAS No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements." This Statement also amends SFAS No. 13, "Accounting for Leases," to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. SFAS No. 145 was adopted for the year ending December 31, 2002 and is not expected to have a significant impact on the CBOT's financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated With Exit or Disposal Activities," which addresses financial accounting and reporting for costs associated with exit or disposal activities. SFAS No. 146, which is effective January 1, 2003 for the CBOT, nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The adoption of SFAS No. 146 is not expected to have a significant impact on the CBOT's financial position or results of operations.

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The CBOT's operating results may fluctuate from period to period as a result of, among other things, trading volume. The information below sets forth by quarter the CBOT's income statement data for the nine months ended September 30, 2002 and for the years ended December 31, 2001 and 2000 (in thousands):

Nine Months Ended September 30, 2002				
	1st Quarter	2nd Quarter	3rd Quarter	
Revenues	\$ 72,323	\$ 75,589	\$ 86,482	
Expenses	59,142	52,602	65,951	
Income from operations	13,181	22,987	20,531	
Net income	7,578	13,770	11,967	

Year Ended December 31, 2001				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	\$ 58,742	\$ 61,419	\$ 58,232	\$ 65,539
Expenses	55,089	53,498	51,464	75,415
Income (loss) from operations	3,653	7,921	6,768	(9,876)
Net income (loss)	2,262	4,334	4,209	(6,392)

Year Ended December 31, 2000				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	\$ 53,556	\$ 54,855	\$ 51,120	\$ 54,630
Expenses	48,121	62,257	52,843	59,098
Income (loss) from operations	5,435	(7,402)	(1,723)	(4,468)
Net income (loss)	1,511	(4,884)	(2,007)	(4,728)

In the first quarter of 2002, the CBOT recorded a \$6.2 million pretax charge to eliminate the carrying value of the a/c/e system, as the CBOT's ownership of the a/c/e system software was replaced with a licensing agreement. In addition, the CBOT recognized \$0.2 million in employment termination costs related to ongoing staff reductions at the CBOT.

In the second quarter of 2002, the CBOT recognized contracted license fee expense of \$3.7 million related to the new licensing arrangement for the a/c/e system software. Also, the CBOT recorded employment termination costs related to the ongoing staff reductions at the CBOT of \$0.1 million.

In the third quarter of 2002, the CBOT recognized \$3.9 million of expense related to the new licensing arrangement for the a/c/e system software. In addition, the effect of litigation was recorded and, net of amounts previously accrued, was \$10.7 million of expense.

In the first quarter of 2001, the CBOT recognized bad debt expense of \$1.5 million related to amounts receivable from a market data customer. The CBOT also recognized expense of \$1.3 million related to the retirement of obsolete computer hardware. In addition, the CBOT established an accrual of \$3.0 million for the potential settlement of various pending lawsuits.

In the first, second and third quarters of 2001, the CBOT recorded employment termination costs related to the ongoing staff reductions at the CBOT of \$1.2 million, \$0.8 million and \$2.9 million, respectively.

In the fourth quarter of 2001, the CBOT recorded a \$15.2 million pretax charge to adjust the carrying value of the a/c/e system to its estimated realizable value. The CBOT also recognized \$5.0 million in employment termination costs related to the ongoing staff reductions at the CBOT.

First quarter 2000 amounts reflect the capitalization of certain costs related to the development of the a/c/e system.

Through the second quarter of 2000, the CBOT recognized a contract settlement related to the termination of the employment agreement with the former president and chief executive officer of approximately \$8.3 million.

**OUR BUSINESS**

**Overview**

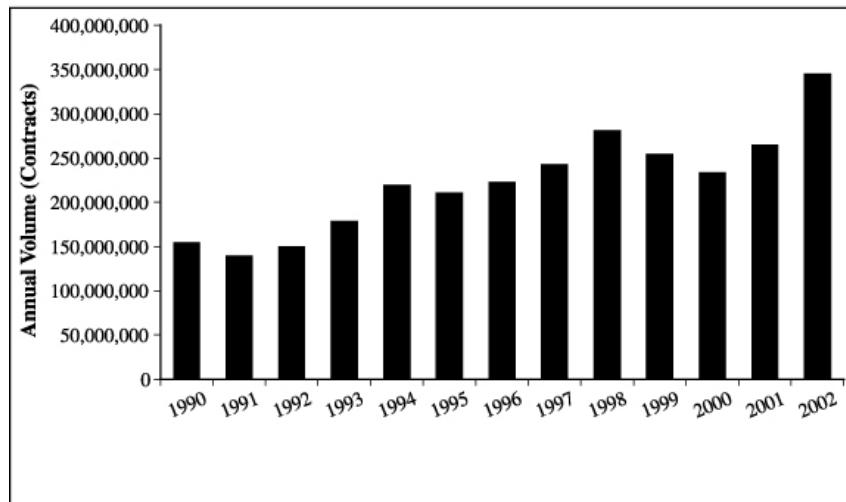
Founded in 1848, we are one of the world's leading exchanges for the trading of futures and options on futures contracts (based on the total volume of contracts traded). According to industry data provided by the Futures Industry Association, through September 30, 2002, about 6% of the global listed futures, options on futures and equity index market was traded on our markets and we ranked fifth worldwide among futures exchanges in volume of contracts traded for the first nine months of 2002, transacting about 46% of the global listed agricultural futures and options contracts, e.g., wheat, corn, soybeans, and about 18% of the global listed financial futures and options contracts, e.g., U.S. Treasury bonds and notes.

As a general matter, futures contracts are contracts made to buy or sell a commodity or financial instrument at a specific date in the future, which are standardized according to the quality, quantity and delivery time and location for the underlying commodity or financial instrument. Options on futures contracts are contracts that provide the buyer the right and the seller the obligation to buy or sell, respectively, a futures contract at a certain price for a limited period of time. Futures contracts and options on futures contracts provide the means for hedging or risk management, speculation and asset allocation and are used in nearly all sectors of the global economy.

Because of its ease of use and its many economic benefits, trading of futures contracts and options on futures contracts has expanded to include numerous and varied markets throughout the world. The increased importance of futures contracts can be seen in the dramatic growth in contract volume traded over the past decade. We believe that this growth is a result of the need for efficient forward pricing and risk management mechanisms. Futures exchanges such as the CBOT enable raw material producers and users, financial intermediaries, and international trading firms to manage their price, interest rate, and exchange rate risk. Further, speculators through the world can interpret the information that converges on our exchange floor to enter the futures markets as investors.

The following chart depicts the growth in annual futures and options on futures contract volume traded on the CBOT exchange since 1990:

**Chicago Board of Trade  
Annual Futures and Options on Futures Volume  
1990 - 2002**



Source: CBOT records

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From our origins as a market for trading cash grain, we have evolved into a major financial center, offering a diverse range of contracts based on interest rates, agricultural commodities, equity and equity indices and other underlying instruments and risk-based activities. These contracts have been developed through our extensive research and development efforts and through relationships with market participants and other financial institutions. We operate traditional open outcry auction markets where our members trade in a centralized location with other members. Members may be individual traders, who risk their personal capital and provide significant liquidity to our markets, or floor brokers who are executing transactions on behalf of customers or member firm proprietary accounts. We also make our products available for trading on an electronic trading system operated pursuant to our relationship with the Eurex Group, which includes the operators of the world's largest derivatives exchange.

We also engage in extensive regulatory compliance activities, including market surveillance and financial supervision activities, designed to ensure market integrity and provide financial safeguards for users of our markets. Our traditional open outcry and electronic trade execution services provide market participants the ability to determine current market prices, known as "price discovery," and trade matching services that offer market participants price transparency, anonymity and immediacy. Further, we market and distribute valuable real-time and historical market data generated from trading activity in our markets to users of our products and related cash and derivative markets and financial information providers.

Our market participants include many of the world's largest banks, investment firms and agricultural corporations. Other market users include financial institutions, such as public and private pension funds, mutual funds, hedge funds and other managed funds, insurance companies, corporations, commercial banks, professional independent traders and retail customers. Our users can be broadly categorized as hedgers or speculators, depending on whether they transfer risk or accept risk. Hedgers are market participants who seek to transfer price risk in an underlying commodity, e.g., soybeans, or financial instrument, e.g., U.S. Treasury bonds. Speculators, on the other hand, accept price risk and attempt to make profits through buying and selling futures contracts by anticipating price changes and generally have no interest in making or taking delivery of the underlying commodity or instrument.

### **Industry**

Futures contracts were developed primarily in the midwestern United States during the mid-1800s as a mechanism to assist agricultural producers and commercial users to manage the price risks they faced as a result of problems associated with supply and demand, transportation and storage of crops. The CBOT, generally recognized as the first organized exchange for futures contracts, was organized in 1848. By the mid-1860s, most of the features of modern futures contracts were being utilized by the CBOT and its participants, including standardized quality, quantity, and time and location of delivery as well as a margining system, that is, a system for depositing funds with the exchange to guarantee performance of futures contracts.

The futures industry that developed in the late-1800s and early-1900s primarily served agricultural producers and commercial users. However, the advent of futures contracts based upon financial futures, which developed following the move towards floating exchange rates between U.S. and Western European countries in the early 1970s, greatly expanded the uses and benefits of futures contracts. Today, the futures industry makes available for trading futures contracts based upon interest rates, agricultural commodities, currencies, equities and equity indices, and other underlying instruments and risk-based activities.

We believe there are currently about 52 futures exchanges located in 27 countries. In the United States, there are seven principal futures exchanges: the CBOT, the Chicago Mercantile Exchange, the Kansas City Board of Trade, the Minneapolis Grain Exchange, the New York Board of Trade, the New York Mercantile Exchange and the Philadelphia Board of Trade. Principal futures exchanges outside the United States include Eurex, the London International Financial Futures and Options Exchange, Mercado Oficial de Futuros y Opciones Financieros in Spain, the Singapore Derivatives Exchange and the Tokyo Stock Exchange.

Presently, the futures industry is experiencing significant and rapid changes due to relaxation of regulatory barriers and advances in technology. Foreign exchanges and exchange-like enterprises operated by or for banks and broker-dealers have gained increased access to U.S. markets as a result of regulatory changes. The ability of

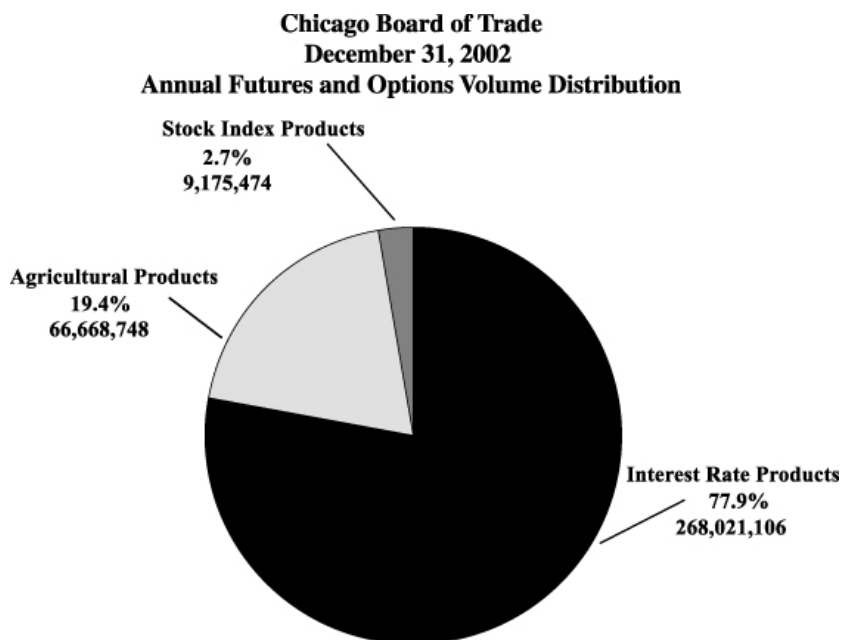
computer and telecommunications systems today to efficiently and economically bring buyers and sellers together presents new challenges to centralized open outcry auction markets, including our open outcry markets. These changes are lowering barriers to entry and creating a lower-cost business model, forcing traditional open outcry exchanges to streamline their operations and reduce costs. We believe that large market users and the threat of competition have forced exchanges to seek more efficient trading, processing and clearing facilities. Collectively, these developments are changing the way the futures industry operates.

**Products**

We believe that the range and diversity of the products that may be traded on our exchange facilities contribute significantly to our success. These products include futures contracts and options on futures contracts based upon interest rates, debt instruments, agricultural commodities, stock indices and other underlying instruments. We have a business development division to support market participants and foster the trading and development of current and future products. Our business development and staff meet regularly with market users, members and clearing members to determine whether our current products, facilities and services meet the participants' needs and whether modifications or enhancements are necessary. Our business development staff also develop new product ideas in consultation with market users and other financial institutions.

The following chart depicts the distribution of trading volumes across our three major product sectors for the year ended December 31, 2002:

- interest rate products;
- agricultural and other non-financial/commodities products; and
- stock index products.



**Metals, Energy and PCS Insurance products make up less than 0.1%.**

Source: CBOT records

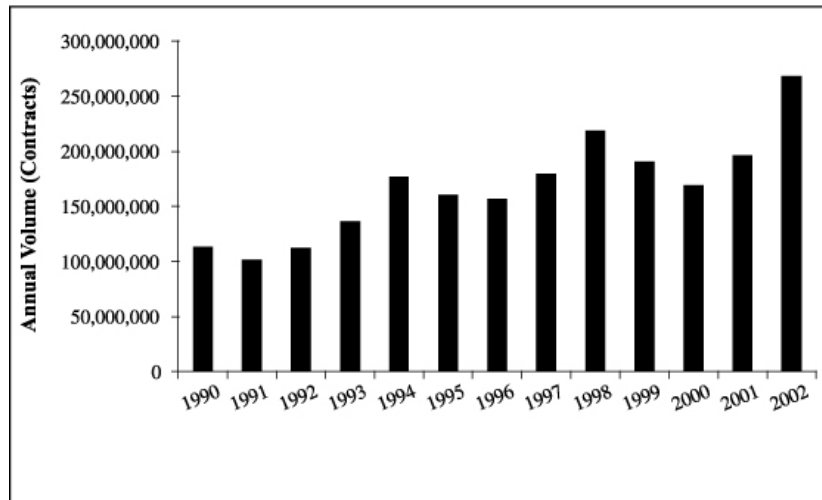
*Interest Rate Products*

Seventy-eight percent of all of the contracts traded at the CBOT during 2002 were either financial futures or options on financial futures contracts. Our interest rate product line includes our U.S. Treasury ten-year note futures and options contract, which is currently our largest single product based on trading volume, comprising about 48% of our financial product volume in 2002. Our other interest rate products include U.S. Treasury bond futures and options, five-year and two-year U.S. Treasury note futures and options, federal agency futures and options, "Fed funds" futures, interest rate swap futures, mortgage futures and options as well as municipal note index futures and options.

Trading volumes in our interest rate products have fluctuated over the last decade. We believe that these fluctuations primarily reflect changes in Federal Reserve monetary policies and changing levels of interest rate volatility during these periods, rather than successful competition from other exchanges or increased use of alternative products or markets by market participants. The overall volume of our interest rate products for the year ended December 31, 2002 was up 38% compared to the same period of 2001.

We believe that hedgers and speculators have increasingly turned to our ten-year and five-year U.S. Treasury notes in order to manage interest rate risks. The increase in volumes for ten-year and five-year notes has helped to offset the decrease in volume for the 30-year bonds. Volume in our interest rate products continues to constitute a significant part of our business. The following chart indicates the annual trading volume of interest rate futures and options on the CBOT from 1990 through 2002.

**Chicago Board of Trade  
Annual Interest Rate Futures and Options Volume  
1990 through 2002**



Source: CBOT records

Market participants take advantage of the flexibility and liquidity of the interest rate products we list. Our market users generally include banks, broker/dealers and other financial institutions, all of whom must cope with interest rate risk that arises naturally from their core business activities, e.g., lending, borrowing, underwriting



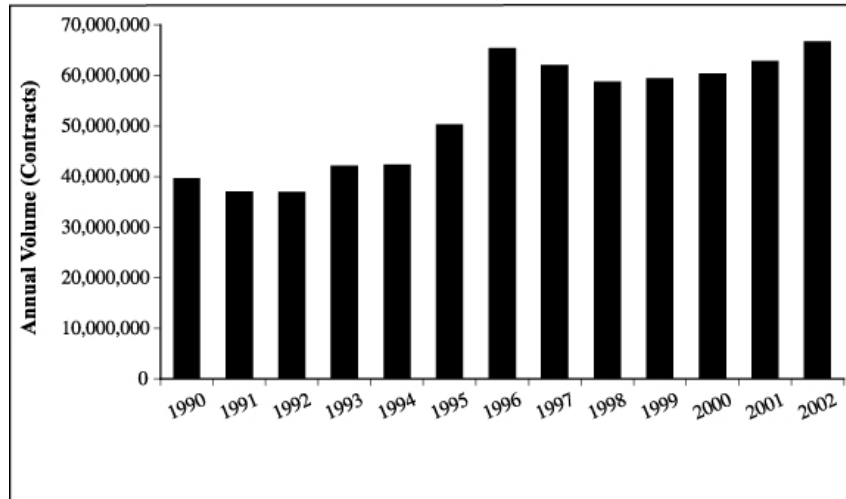
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fixed-income securities, or from their dealing in interest rate swaps, structured derivative products and other over-the-counter products. A significant number of our clearing member firms are affiliates of major domestic and international banks who utilize our interest rate markets for their proprietary trading activities. Asset managers also use our interest rate products to lengthen or shorten the effective duration of their portfolios. We believe that our contracts are especially useful for this purpose where physical restructuring of a portfolio is difficult or where futures transaction costs are less than cash market transaction costs.

*Agricultural and Non-Financial/Commodities Products*

Agricultural products are the core product area from which we started. We have maintained a strong franchise in our agricultural products, including contracts based on soybeans, soybean oil and meal, corn, wheat, oats, rough rice and other agricultural commodities. Our market users include agricultural producers, grain elevators, food processors and retail customers. Other non-financial/commodities products we offer include silver and gold futures, silver options and insurance options. Together, our agricultural and other non-financial and commodities products represented about 19% of all contracts traded at the CBOT in 2002. Our trading volumes in these products from 1990 through 2002 are illustrated in the following chart. We believe that continuing consolidation and restructuring in the agricultural sector and the reduction or elimination of government subsidies could provide growth in our agricultural markets as large producers and processors are more likely to adopt formal hedging and risk management programs.

**Chicago Board of Trade  
Annual Agricultural Futures and Options Volume  
1990 through 2002**



Source: CBOT records

*Stock Index Products*

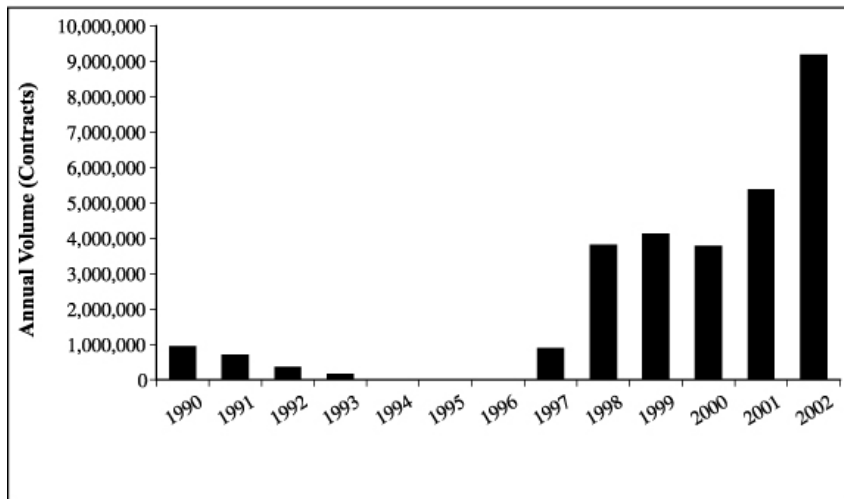
Futures and options on futures contracts on stock indices are intended to allow traders and investors the opportunity to invest in the entire market, in selected portions of the market or in the relative performances of the

various market sectors relative to one another and relative to the entire market. Market users of these products include public and private pension funds, investment companies, mutual funds, insurance companies and other financial services companies that benchmark their investment performance to different segments of the equity markets. We currently offer futures and options on futures contracts on the Dow Jones Industrial Average<sup>SM</sup>.

In June 1997, we entered into an agreement with Dow Jones & Company, Inc. to license certain index and trademark rights, including, among other things, the Dow Jones Industrial Average, the Dow Jones Transportation Average, the Dow Jones Utilities Average and the Dow Jones Global Indexes. The license is a non-transferable and exclusive worldwide license to use these indices as the basis for standardized exchange-traded futures contracts and options on futures contracts. The agreement, which will expire in accordance with its terms on December 31, 2007, requires the CBOT to pay Dow Jones initial license fees, which were paid in 1997, and annual royalties based upon trading volumes with a minimum annual royalty requirement of \$2.0 million. We paid annual royalties of \$2.0 million in each of 1998, 1999, 2000, 2001 and 2002.

As depicted in the following chart, our equity index product trading volumes have generally increased since the introduction of the Dow Jones indices in late 1997, from about 0.9 million contracts in 1997, to about 3.8 million contracts in 1998, to about 4.1 million contracts in 1999 to about 3.8 million contracts in 2000, to about 5.3 million contracts in 2001. In 2002, equity index trading volume was about 9.2 million contracts.

**Chicago Board of Trade  
Annual Stock Index Futures and Options Volume  
1990 through 2002**



Source: CBOT records

In 2000, Congress adopted legislation that allows us to trade single-stock futures contracts under the regulatory jurisdiction of the Commodity Futures Exchange Commission and the Securities and Exchange Commission. This new type of product could have significant appeal to retail investors and institutional investors.

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Under the Commodity Futures Modernization Act of 2000, single-stock futures contracts were made available to be traded on markets limited to institutional investors trading for their own account on a principal-to-principal basis on August 21, 2001. Single-stock futures became available for trading on markets such as OneChicago LLC, which also allow retail investors to participate as well as brokered trades for institutional investors, in November 2002.

### **Execution Facilities**

We currently operate two trade execution facilities: a traditional pit-based, open outcry trading market and the electronic a/c/e system.

#### *Open Outcry Trading*

In the traditional open outcry trading environment, traders who risk personal capital, or floor brokers, who may execute orders for institutional, commercial, proprietary and retail customers, bid and offer in an open outcry auction arena. This environment facilitates discovery of market prices. We believe that the CBOT has a strong history of providing a venue that offers its users tremendous liquidity, access to trading opportunities, and a reliable and stable trading environment.

Open outcry trading occurs in individual arenas and represented about 62% of our total volume in 2002. The trading pits are the centralized meeting place for floor brokers and independent traders to trade contracts. Orders for market participants not on the trading floor are relayed to brokers for execution in the trading pits. The trading floors, which cover about 115,150 square feet, have booths surrounding the trading pits from which clearing member firm personnel can communicate with customers regarding current market activity and prices and receive orders either electronically or by telephone. In addition, our trading floors display current market information and news on wallboards hung above the pits.

We have enhanced our open outcry and electronic trading markets through automation and lower fees to help us maintain liquidity for market users. To do this, we have streamlined processes involving order entry, trade execution and open outcry price discovery. The basis for maintaining an open outcry trading system is our belief that many market participants find this system to be an efficient mechanism for price discovery. The open outcry system leverages our members' market-making expertise by utilizing hundreds of speculators to facilitate liquidity and to provide floor brokers with a mechanism to manage execution risk for customers. We believe that the open outcry system is regarded as having a long-standing history as an environment of integrity, stability and reliability.

#### *Technology Supporting Our Open Outcry Execution Facilities*

In order to maintain the viability and growth of the open outcry trading system, we have invested and, to the extent that our resources permit, we plan to continue to invest in technology. For example, the CBOT recently purchased a license from the CBOE whereby the CBOE will provide technology to support and enhance the CBOT's trading floor using its CBOEdirect software. The CBOT will seek to continue its development of technology to provide market participants with rapid, reliable and cost-effective transaction processing. However, we cannot assure you that we will be able to fund technology in the future. This approach will focus on the following applications.

*Order Transmission Systems.* Our Order Direct application protocol interface enables our member firms to transmit orders electronically to and from the open outcry pits and any other firm or broker, and provides an entry point for Internet-based orders from customers and branch offices. This application has resulted in increased order and confirmation speed, reduced transaction costs, decreased risk of error, improved customer account tracking and bookkeeping and faster clearing reconciliation. eOpenoutcry.com is our web-enabled, browser-based software system that allows trade order entry, execution and confirmation display via the Internet, enhancing member access to the trading floor while reducing transaction costs.

*Trade Execution Systems.* Our customers may select one of the following two trade execution systems for executing transactions in the open outcry trading environment.

- COMET is the CBOT's booth-based order entry device that fulfills the need for fast and efficient electronic order delivery to the trading floor while preserving the firm's choice of delivery method to the broker. In keeping with the firm's preference, COMET orders may be "flashed" by hand, delivered by wireless headset or delivered electronically to the broker for execution. COMET then enables the trade data to be electronically routed to the firm's bookkeeping system and to the clearing location on a real-time basis.
- Electronic Clerks are the CBOT's order receipt and deck management devices for brokers. Using a hard-wired or wireless Electronic Clerk, unit brokers may receive orders from multiple member firms. Orders are automatically organized by price and order type for ease and speed of execution and trade confirmations are automatically returned to the originator.

*Floor Operations Technology.* Floor operations technology consists of the pricing and quotation network as well as the data network. The pricing and quotation network collects and disseminates in real time all CBOT pricing data. The internal data network connects futures commission merchants and other building occupants with the floor and one another for all CBOT pricing data. The pricing quotation network comprises price reporters who monitor the price fluctuation in each of the pits and use an electronic data network to communicate this information. As trades are executed, the reporters enter the price data into the pricing network. The price network transmits the data to the wall board display system, the historical data library and the data services network for re-transmittal through information providers such as Bloomberg. The current data network is a traditional wired network. Substantially all futures commission merchant offices have the capability to access the network in order to communicate with other offices and the floor. Most futures commission merchants have external data connections as well as Internet access.

#### *Electronic Trading*

Our electronic trading business has historically been, and is currently, primarily conducted through Ceres, of which eCBOT is the general partner and the CBOT members are limited partners. The CBOT has made its products available for electronic trading since 1992, initially, on the Globex system, and, beginning in 1994, on Project A, which was operated through the electronic trading division of Ceres. From September 1998 until its decommissioning in August 2000, Project A provided access to the CBOT's global benchmark financial and index products 22 hours each trading day, with workstations located in the United States, Europe and Asia.

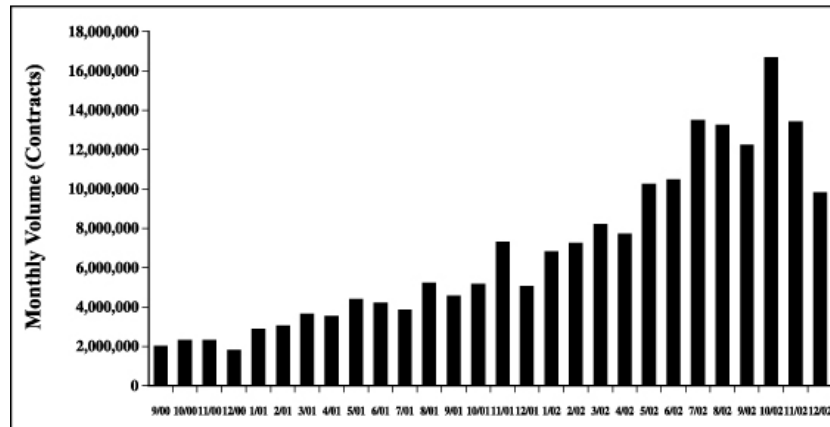
In August 2000, Project A was replaced by the a/c/e system, which is the product of an alliance between the CBOT and certain affiliates and Deutsche Börse AG, the Swiss Stock Exchange and their jointly owned subsidiaries, Eurex Zürich AG and Eurex Frankfurt AG. A jointly-owned company called CBOT/Eurex Alliance, L.L.C. was established to provide services related to electronic trading to Ceres and to Eurex.

The a/c/e system provides CBOT and Eurex members with a single network connection to a single platform configuration with each exchange remaining independent in terms of its membership, access and products. Users of the a/c/e system are provided access to some of the most actively traded derivative products in the world. Users of the a/c/e system are linked through a dedicated wide-area communications network that can be connected to from virtually anywhere in the world. Currently, about 85 firms trade for themselves and their customers CBOT products on the a/c/e system from more than 160 locations in the United States, Europe and Asia.

We currently permit a non-member to have a direct connection to the a/c/e system with the approval of its clearing member. Members are permitted to have an unlimited number of terminals to conduct proprietary or customer trading, and member firms that handle customer business are permitted to connect their own electronic order routing systems to the a/c/e system. Eurex member firms have been given the right to obtain electronic access to our products traded on the a/c/e system by leasing a Full Membership or Associate Membership or buying an Associate Membership. It is possible that the conditions for connectivity could be relaxed or tightened. A change in these conditions could have the effect of enhancing or diminishing revenue growth associated with the a/c/e system.

As of December 31, 2002, volume on the a/c/e system surpassed an aggregate of above 190.5 million contracts traded since it became operational. The chart below illustrates monthly volume on the a/c/e system for the months of September 2000 through December 2002:

**Chicago Board of Trade  
Monthly a/c/e Volume  
September 2000 - December 2002**



Source: CBOT records

In 2001, certain disputes between the CBOT and the Eurex Group developed concerning, among other things, our obligation to participate in the cost of certain software upgrades, the development of an equity options market in the United States and the structure and function of CBOT/Eurex Alliance, L.L.C., the joint venture company that we co-own with the Eurex Group. In 2002, we resolved these disputes by entering into agreements with the Eurex Group, which collectively modified the structure of our relationship with the Eurex Group from an alliance to an outsourcing arrangement. As a result, we have relinquished co-ownership of the a/c/e system software and have no further joint development obligations. In connection with these agreements, we acknowledged Eurex's right to engage in equity options trading in the United States and we have agreed that CBOT/Eurex Alliance would have no further role in the operation of the a/c/e system. In addition the CBOT and Eurex Frankfurt AG have agreed to permit each other to independently launch new products denominated in U.S. dollars and euros, respectively, outside of a small number of their core product offerings. In connection with the termination of its arrangements to provide services to the CBOT, Eurex has announced that it intends to begin to offer trading in various U.S. markets in early 2004. We expect that Eurex will compete directly with the CBOT in the trading of U.S. interest rate futures.

Under the new arrangements with the Eurex Group, Deutsche Börse AG and SWX Swiss Stock Exchange will provide Ceres with a non-exclusive, royalty-bearing license for the use of the a/c/e software that serves as the basis of the a/c/e electronic trading platform, covering both a/c/e Release 1.0, which is the current version of the a/c/e software operated for the CBOT, as well as a/c/e Release 1.1, which the CBOT currently intends to implement by the first quarter of 2003. The royalty owed by Ceres under the license with the Eurex Group includes both a fixed component and a variable component based on electronic trading volume. Deutsche Börse Systems AG has operated and will continue to operate the CBOT's electronic market for the duration of the restructured arrangements, which will expire in December 31, 2003. In January 2003, our board of directors

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selected LIFFE to become the supplier of the CBOT's electronic trading system upon the expiration of our current arrangements with the Eurex Group. On January 10, 2003, the CBOT entered into a software license agreement with LIFFE for use of the LIFFE CONNECT™ software system, and we expect to enter into other agreements with LIFFE during the first half of 2003 with respect to the implementation and operation of the system. Under the restructured alliance with the Eurex Group, the CBOT has relinquished co-ownership of a/c/e Release 1.0, which it held pursuant to the previous arrangements, but the obligation of Ceres to contribute to development costs pursuant to the previous arrangements has been terminated.

Under a licensing agreement, Ceres provides services related to the operation of the a/c/e system and a sublicense of the a/c/e software to the CBOT. In addition, under a separate agreement, Ceres operates with employees seconded to it from the CBOT. We currently expect to liquidate Ceres upon termination of the CBOT's arrangements with the Eurex Group and thereafter conduct our electronic trading business through the CBOT subsidiary, eCBOT or an affiliate.

### **Market Data**

Our markets generate valuable information regarding the prices of our products and the trading activity in those markets. We sell our market data, which includes bids, offers, trades and trade size, to vendors who redistribute the data to persons or entities that use our markets or that monitor general economic conditions. Such persons and entities include financial information providers, futures commission merchants, banks, broker-dealers, public and private pension funds, investment companies, mutual funds, insurance companies, hedge funds, commodity pools, individual investors and other financial services companies or organizations.

We believe the market data supplied by the CBOT enhances trading activity in our products and trading activity in related cash and derivatives markets. The dissemination of real-time data generates revenue and supports our customer bases with timely market information. In general, the price information is sent via dedicated networks to over 140 worldwide quote vendors and subvendors. These firms consolidate our market data and information with data from other exchanges and third party data and news services and the firms resell the consolidated data and information to their subscribers. These quote vendors distribute our market data through dedicated networks, the Internet and wireless handheld devices. Member firms of the CBOT are entitled to rebates equal to one-third of the fees charged for this information. The CBOT is discontinuing this rebate program effective January 1, 2003.

As of September 30, 2002, our market data was displayed on about 154,000 screens worldwide. Revenue from market data represented about 19% of our total revenue for the eleven month period ended November 30, 2002. Our annual revenue from market data has grown from less than \$45 million in 1996 to more than \$66 million in 2001. We attribute this increase to a change in our market data pricing structure that we instituted in 1999, as well as a substantial increase in the total number of display devices receiving our market data. However, there has been a recent reduction in terminal subscriptions primarily due to industry consolidation and the increased use of electronic trading systems, which do not usually charge for the distribution of market data. These industry changes have reduced the total subscription needs for market data, and we believe that the decline will continue in the future.

We further believe that the evolution of technology and the financial services industry, including the trend of industry consolidation, will change the existing distribution channels, sales methods and pricing structure for market data. These changes might adversely impact the revenue we receive from market data. Increases in the volume of electronic trading, the use of the Internet as a distribution mechanism and increases in the use of our products by individual retail investors will all impact revenue from market data.

### **Building Services**

Our building services division operates the CBOT's commercial real estate assets. In total, we own and manage three buildings, with over 1.5 million square feet of commercial space in the aggregate, in the central business district of the City of Chicago. As of November 30, 2002, the buildings were about 85% occupied, with about 26% of the total space used by the CBOT itself.

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Tenants pay market rates for rent. The majority of tenant leases have terms of three to five years, with large tenants having leases for up to ten years. As of August 31, 2002, the largest tenant, other than the CBOT itself, leased 17% of the rentable area and the next five largest tenants leased about 12% of our commercial space. Our largest tenant moved out of the building in the fourth quarter of 2002, and we are actively seeking a tenant or tenants to replace this tenant. The CBOT manages both the real estate and the general services relating to such real estate such as cleaning, power and telephone services. Building services generated about 8% of our total revenue through the eleven months ended November 30, 2002.

The majority of our commercial lease space is designated as "Class A," which describes that class of premium commercial office space which is typically located in central business districts and provides the highest level of services and amenities. We have spent considerable resources so that all three buildings have advanced electrical, mechanical and telecommunication infrastructure and services. The demographics of the tenants of our commercial space have begun to widen beyond traditional brokerage/trading service firms to include technology-related firms which we believe is due to the location and desirable telecommunications infrastructure of our buildings.

### **Marketing and Advertising**

Our marketing department targets both institutional and retail customers. Our marketing programs for institutional customers are designed to educate highly sophisticated traders, portfolio managers, corporate treasurers and other market professionals about innovative uses of our products, such as new hedging and risk management strategies. We also seek to educate these users about changes in product design, margin requirements and new clearing services. Our marketing typically involves the development of personal relationships with professional traders who actively use our markets. We participate in a number of domestic and international trade shows and seminars regarding futures and options and other marketing events designed to inform market users about our products. Through these relationships and programs, we attempt to determine the needs of our customer base and we use this information in our product development and product maintenance efforts.

Our advertising strategy is based on both targeted direct contact and cooperative venture advertising techniques. We utilize direct mail, electronic mail and fax networking extensively. We also support CBOT product-specific advertising.

### **Competition**

We are currently one of the seven principal futures exchanges in the United States, which include the Chicago Mercantile Exchange, the Kansas City Board of Trade, the Minneapolis Grain Exchange, the New York Board of Trade, the New York Mercantile Exchange and the Philadelphia Board of Trade. Of these exchanges, the Chicago Mercantile Exchange, the New York Mercantile Exchange and the Kansas City Board of Trade have already demutualized. In addition, principal futures exchanges outside the United States include Eurex, the London International Financial Futures and Options Exchange, Mercado Oficial de Futuros y Opciones Financieros in Spain, the Singapore Derivatives Exchange and the Tokyo Stock Exchange. According to data provided by the Futures Industry Association, we are currently the fifth largest futures exchange in the world based on contract volume for futures, options on futures and equity index options contracts for the nine-month period ended September 30, 2002.

We face a variety of competitors and competing marketplaces and products. We compete by offering market participants efficient, cost-effective and liquid marketplaces for trade execution through both open outcry and electronic trading systems, broadly disseminated and transparent market and quotation data, access to market making, superior product design and innovative technology. Additionally, we are continually enhancing our products and providing additional efficiencies to our customers. We are committed to improving the technology, services, market integrity and liquidity that will continue to make us an industry leader in volume of trades executed.

In addition to competition from futures exchanges that offer comparable derivative products, we also face competition from other exchanges, from electronic trading systems, from consortia of end users and futures commission merchants and from technology firms. Other futures exchanges have trading systems and financial

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market expertise that may lead them to consider listing copies of our products. Eurex has recently announced that it intends to begin offering trading on its systems in various U.S. markets in early 2004. We currently expect that Eurex will compete directly with us in the U.S. interest rate market. These potential competitors would still need to obtain regulatory approval, establish market liquidity and develop derivative product clearing services. For information concerning legislative changes that may make it easier for potential competitors to enter our markets, see “—Regulation—Changes in Existing Laws and Rules.”

Electronic trading firms that currently specialize in the trading of equity securities have electronic trade execution and routing systems that could be used to trade products that compete with our products. In an industry where all derivatives are traded electronically, the concept of an exchange, including the services we provide and our sources of revenue, may change swiftly and substantially. Increased development of the electronic trading markets could increase substantially competition for some or all of the products and services we currently provide. For more information, see “Risk Factors—Risks Relating to Our Business—Intense Competition Could Materially Adversely Affect Our Market Share and Financial Performance.” Typically, while these firms have advanced electronic and Internet technology, significant capitalization and competitive pricing, we believe they lack the overall market liquidity and neutrality offered by our electronic and open outcry trading systems. They also currently lack the financial security and guarantees provided by a “AAA” rated clearinghouse such as Board of Trade Clearing Corporation.

Consortia owned by member firms and large market participants also may become our competitors, particularly with respect to our Treasury futures and options contracts. For instance, BrokerTec Global LLC, an electronic inter-dealer fixed income broker, has a designation as a futures contract market from the Commodity Futures Trading Commission and has been operational for about 10 months. Most of the members of BrokerTec Global are either clearing member firms of the CBOT or affiliates of our clearing member firms, and are significant participants in the Treasury market.

Technology companies, market data and information vendors, and front end software vendors also represent potential competitors because, as purveyors of market data, these firms typically have substantial distribution capabilities. As technology firms, they also have access to trading engines that can be connected to their data and information networks. Additionally, technology and software firms that develop trading systems, hardware and networks but who are otherwise outside of the financial services industry may be attracted to enter our markets.

### **Strategic Alliances, Acquisitions, Divestitures and other Arrangements**

Due to increasing competitive pressures in the futures industry, we review our competitive position on an ongoing basis and from time to time consider, and engage in discussions with other parties regarding, various strategic alliances, acquisitions, divestitures and other arrangements in order to continue to compete effectively, improve our financial results, increase our business and allocate its resources efficiently. For example, in December 2002, the CBOT and eSpeed, Inc. entered into an arrangement that grants eSpeed a license to distribute CBOT products on its multiple buyer/multiple seller real-time electronic marketplaces. It is also important for us to form strategic partnerships to bring together the necessary expertise and resources to address competitive pressures and meet new market demands.

### **Our Members**

We are currently owned by our members. For this reason, our organization is sometimes referred to as a “mutual” organization. Members and individuals who have leased seats from members can execute trades for their own accounts or for the accounts of customers of clearing member firms. The trades of members and lessees of memberships for their own accounts qualify for lower fees in recognition of the market liquidity that their trading activity provides. Members and lessees also benefit from market information advantages that may accrue from their proximity to trading activity on the trading floors.

Currently, there are the following classes of CBOT memberships:

- Full;
- Associate;
- GIM (and one-half Associate Memberships, as described below);



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• IDEM; and

• COM.

Each class of CBOT membership has associated with it different trading rights and privileges. The specific trading rights and privileges associated with each class of CBOT membership are governed by our rules and regulations. All membership applicants are reviewed and approved by us in accordance with the membership and eligibility requirements set forth in our rules and regulations.

Currently, members may be assessed trading floor efficiency fees and member dues, which are charged when deemed necessary based upon management's review of capital requirements. Trading floor efficiency fees and member dues are independent of fees charged for trading and are not believed to have an effect on trading volume or the number of memberships outstanding.

Currently, CBOT memberships may be purchased or sold pursuant to transfer mechanisms established by our rules and regulations. We are currently evaluating appropriate transfer mechanisms, whether internal or external to the CBOT, to facilitate the transfer of the common stock of CBOT Holdings and the memberships in the CBOT subsidiary.

*Price Ranges for Memberships*

The following table contains, for the periods indicated, the high and low sales prices of memberships of each class of membership in the CBOT, reported in thousands.

Calendar Year	Full		Associate		GIM		IDEM		COM	
	High	Low	High	Low	High	Low	High	Low	High	Low
<b>1998</b>										
First Quarter	\$ 780	\$ 714	\$ 487	\$ 434	*	*	\$ 90	\$ 66	\$ 147	\$ 132
Second Quarter	725	483	410	210	\$ 125	\$ 115	57	28	130	62
Third Quarter	495	384	195	120	89	61	36	20	69	44
Fourth Quarter	545	431	226	175	*	*	33	20	71	48
<b>1999</b>										
First Quarter	600	490	282	186	100	75	30	25	70	55
Second Quarter	633	560	246	220	*	*	36	26	75	54
Third Quarter	620	530	235	155	*	*	32	24	60	47
Fourth Quarter	475	400	180	127	*	*	33	24	46	37
<b>2000</b>										
First Quarter	520	410	150	105	70	58	27	16	37	30
Second Quarter	642	472	138	90	50	50	17	6	37	22
Third Quarter	507	328	100	61	40	21	8	4	22	14
Fourth Quarter	350	255	80	50	31	23	6	1	18	11
<b>2001</b>										
First Quarter	350	290	85	62	36	31	8	1	20	12
Second Quarter	350	316	82	65	39	33	8	6	21	16
Third Quarter	360	312	106	75	49	40	11	7	24	20
Fourth Quarter	415	315	135	70	38	38	21	10	25	21
<b>2002</b>										
First Quarter	453	407	170	105	*	*	20	12	32	22
Second Quarter	317	240	130	90	55	52	16	12	28	21
Third Quarter	330	282	132	108	63	63	35	18	28	22
Fourth Quarter	330	285	142	127	*	*	27	20	27	24
<b>2003</b>										
First Quarter (through January 22, 2003)	338	310	139	127	*	*	33	25	26	25

\*Indicates no sales in the quarter.  
Source: CBOT records.

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On August 30, 2000, the day prior to the date of public announcement of the refined restructuring strategy, which contemplated the restructuring transactions, the closing price for Associate Memberships in the CBOT was \$73,000, as reported by the CBOT. No Full Memberships, GIMs, IDEMs or COMs were purchased or sold on August 30, 2000. On August 30, 2000, the bid and ask prices for Full Memberships, GIMs, IDEMs and COMs were \$335,000 and \$400,000, \$25,000 and \$40,000, \$4,200 and \$5,000 and \$14,000 and \$16,500, respectively.

### *Individual Members*

Currently, our membership committee reviews applicants and conducts proceedings to determine whether candidates meet our membership and eligibility requirements. Additionally, registration or a temporary license to act as either a floor broker or a floor trader must be granted by the National Futures Association before an individual can begin trading on our trading floors. All members must be guaranteed or qualified to trade by a clearing member before they may personally execute a transaction on the CBOT's exchange facilities.

*Full Members.* Our Full Members are entitled to execute trades in all futures and options contracts listed on the CBOT. Currently, Full Members are also entitled to the Chicago Board Options Exchange exercise right, as described in greater detail elsewhere in this document. As of January 22, 2003, there were 1,402 Full Memberships.

*Associate Members.* Our Associate Members are entitled to execute trades in all futures and options contracts listed in the CBOT's Government Instruments Market, Index, Debt and Energy Market and Commodity Options Market. As of January 22, 2003, there were 793 Associate Memberships.

*GIMs/One-Half Associate Members.* The holder of a GIM Membership is a member entitled to execute trades in all futures contracts assigned to the market category known as the "Government Instrument Market," which includes contracts in certain U.S. government and agency securities, certain foreign government securities and certain domestic certificates of deposit. We are currently phasing out GIM Memberships by converting each GIM Membership into a one-half Associate Membership upon the sale of such membership and permitting the conversion of two one-half Associate Memberships into one Associate Membership. In addition, upon the sale or transfer of a GIM Membership, and the resulting conversion into a one-half Associate Membership, the associated trading rights and privileges are eliminated. Following the completion of the restructuring transactions, two Series B-3, Class B memberships in the CBOT subsidiary will be convertible into one Series B-2, Class B membership in the CBOT subsidiary, which may result in fewer members having the trading rights and privileges of GIMs and more members having the trading rights and privileges of Associate Members. As of January 22, 2003, there were 146 GIM Memberships and 2 one-half Associate Memberships.

For purposes of the restructuring transactions, including for purposes of determining the number of shares of common stock of CBOT Holdings and the appropriate series of Class B membership in the CBOT subsidiary to be distributed in connection with the restructuring transactions, all one-half Associate Memberships shall be treated as GIM Memberships. In addition, we sometimes in this document refer to one-half Associate Members as GIMs, as the context requires.

*IDEMs.* The holder of an IDEM Membership is a member entitled to execute trades in all futures contracts assigned to the market category known as the "Index, Debt and Energy Market," which includes contracts in certain stock and bond indices, certain money market instruments and certain energy, i.e., crude oil, gasoline and heating oil, products. As of January 22, 2003, there were 642 IDEM Memberships.

*COMs.* The holder of a COM Membership is a member entitled to execute trades in all options contracts assigned to the market category known as the "Commodity Options Market," which includes contracts in U.S. Treasury bond futures options and all other options contracts listed for trading by the CBOT. As of January 22, 2003, there were 643 COM Memberships.

### *Clearing Members*

Under our rules, all CBOT contracts must be cleared through the Board of Trade Clearing Corporation or such other clearing entity as the CBOT board of directors designates. Such contracts are subject to the bylaws of

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BOTCC, and our rules provide that it may not change its bylaws without the consent of the CBOT board of directors. However, BOTCC has disputed this restriction and its governing documents do not contain a similar restriction requiring the CBOT's approval for changes to its bylaws. In addition, no person or organization may become a stockholder of BOTCC until approved by the CBOT.

BOTCC has informed us that it is the world's largest fully independent futures and futures options clearinghouse and the only futures and options clearinghouse that is rated "AAA" by Standard & Poor's. On a daily basis, BOTCC compares the data that is submitted by its members, collects and disburses original and variation or "mark-to-market" margin payments through a network of banks, and provides its financial guarantee of performance for every trade that is accepted by it for clearing. Since its inception in 1925, BOTCC has designed risk management policies and practices for the CBOT and its members.

We do not currently have a written contract with BOTCC that would obligate it to provide its clearing services to our clearing members. We are currently considering negotiating a written contract regarding clearing-related services with BOTCC prior to the completion of the restructuring transactions. However, we cannot provide any assurances that we will determine to do so or, if we so determine, that we will be successful in entering into such a written contract with BOTCC. Our unwillingness or inability to enter into a written contract with BOTCC, or some other entity which would provide comparable clearing-related services to CBOT subsidiary, could materially adversely affect our business.

### **Other Business Relationships and Subsidiaries**

*Ceres Trading Limited Partnership.* Ceres Trading Limited Partnership is a Delaware limited partnership, which we formed in 1992.

Our electronic trading business has historically been, and is currently, primarily conducted through Ceres, of which eCBOT is the general partner and CBOT members are limited partners. The CBOT has made its products available for electronic trading since 1992, initially, on the Globex system, and, beginning in 1994, on Project A, which was operated through the electronic trading division of Ceres. From September 1998 until its decommissioning in August 2000, Project A provided access to the CBOT's global benchmark financial and index products 22 hours each trading day, with workstations located in the United States, Europe and Asia.

In August 2000, Project A was replaced by the a/c/e system, which is the product of an alliance between the CBOT and certain affiliates and Deutsche Börse AG, the Swiss Stock Exchange and their jointly owned subsidiaries, Eurex Zürich AG and Eurex Frankfurt AG. A jointly-owned company called CBOT/Eurex Alliance, L.L.C. was established to provide services related to electronic trading to Ceres and to Eurex.

In 2001, certain disputes between the CBOT and the Eurex Group developed concerning, among other things, our obligation to participate in the cost of certain software upgrades, the development of an equity options market in the United States and the structure and function of CBOT/Eurex Alliance, L.L.C., the joint venture company that we co-own with the Eurex Group. In 2002, we resolved these disputes by entering into agreements with the Eurex Group, which, collectively modified the structure of our relationship with the Eurex Group from an alliance to an outsourcing arrangement. As a result, we have relinquished co-ownership of the a/c/e system software and have no further joint development obligations. In connection with these agreements, we have acknowledged Eurex's right to engage in equity options trading in the United States and we have agreed that CBOT/Eurex Alliance would have no further role in the operation of the a/c/e system. In addition the CBOT and Eurex Frankfurt AG have agreed to permit each other to independently launch new products denominated in U.S. Dollars and Euros, respectively, outside of a small number of their core product offerings.

Under the new arrangements with the Eurex Group, Deutsche Börse AG and SWX Swiss Stock Exchange will provide Ceres with a non-exclusive, royalty-bearing license for the use of the a/c/e software that serves as the basis of the a/c/e electronic trading platform, covering both a/c/e Release 1.0, which is the current version of

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the a/c/e software operated for the CBOT, as well as a/c/e Release 1.1, which the CBOT currently intends to implement by the first quarter of 2003. The royalty owed by Ceres under the license with the Eurex Group includes both a fixed component and a variable component based on electronic trading volume. Deutsche Börse Systems AG has operated and will continue to operate the CBOT's electronic market for the duration of the restructured arrangements, which will expire in December 31, 2003.

In January 2003, the CBOT board of directors selected LIFFE to become the supplier of the CBOT's electronic trading system upon the expiration of our current arrangements with the Eurex Group. On January 10, 2003, the CBOT entered into a software license agreement with LIFFE for use of the LIFFE CONNECT™ software system, and we expect to enter into other agreements with LIFFE during the first half of 2003 with respect to the implementation and operation of the system. Under the restructured alliance with the Eurex Group, the CBOT has relinquished co-ownership of a/c/e Release 1.0, which it held pursuant to the previous arrangements, but the obligation of Ceres to contribute to development costs pursuant to the previous arrangements has been terminated.

Ceres currently owns rights to the software for electronic trading of the CBOT's products, including on the a/c/e system. It has entered into contractual arrangements with us for the provision of services in connection with the operation of the system and the provision of related support services. We currently charge Ceres the fair value for these services. In addition, we have entered into an agreement with Ceres whereby we pay Ceres a fee for access to the a/c/e system. This licensing fee is about equal to the exchange fees received by us as a result of transactions executed on the a/c/e system.

Ceres's wholly owned subsidiary, Ceres Alliance L.L.C., holds the CBOT's 50% interest in CBOT/Eurex Alliance, L.L.C., a Delaware limited liability company. The other member of CBOT/Eurex Alliance is Eurex Beteiligungen AG, a Swiss company owned by Deutsche Börse AG and the Swiss Stock Exchange. CBOT/Eurex Alliance does not presently employ its own staff, and operates with personnel seconded to it by the CBOT and the Eurex Group. Generally, the voting rights, percentage interests and profits of the CBOT/Eurex Alliance are shared equally between its two members, the Ceres Alliance L.L.C. and Eurex Beteiligungen AG, and its expenses are allocated among the members as incurred. The CBOT and the Eurex Group have agreed to cease the cost-sharing arrangement with respect to the CBOT/Eurex Alliance L.L.C. and it no longer has any involvement in the operation of the a/c/e system, which is now provided to Ceres by the Eurex Group.

Our wholly owned subsidiary, eCBOT, is currently the general partner of Ceres. In addition, as of January 22, 2003, Ceres had 3,628 Class A limited partnership interests, of which there are four series, and 59 Class B limited partnership interests. The following table indicates the number of limited partnership interests held by the CBOT members as of January 22, 2003:

### **Ceres Limited Partnership Interests By Individual Membership Class**

<b>Membership Class</b>	<b>Class A-1 Limited Partnership Interests</b>	<b>Class A-2 Limited Partnership Interests</b>	<b>Class A-3 Limited Partnership Interests</b>	<b>Class A-4 Limited Partnership Interests</b>	<b>Class B Limited Partnership Interests</b>
Full	1,389	—	—	—	—
Associate	—	793	—	—	—
GIM	—	—	146	—	—
IDEM	—	—	—	641	—
COM	—	—	—	643	—
Clearing Member	—	—	—	—	59
<b>Total</b>	<b>1,389</b>	<b>793</b>	<b>146</b>	<b>1,284</b>	<b>59</b>

With the exception of 16 interests currently held by eCBOT, Class A limited partnership interests are generally held by individual CBOT members. Class B limited partnership interests are held by CBOT clearing member firms.

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Following the completion of the restructuring transactions, CBOT Holdings and the CBOT subsidiary will continue to conduct their electronic trading business through Ceres until such time as the CBOT's current contractual arrangements with the Eurex Group are terminated, which we currently expect to occur in December 2003. We currently anticipate that, at such time, Ceres will be liquidated and its assets distributed to its partners in accordance with the terms of the Ceres limited partnership agreement, and CBOT Holdings and the CBOT subsidiary will thereafter conduct their electronic trading business through the CBOT subsidiary, eCBOT or an affiliate. Following the liquidation of Ceres, CBOT members will no longer participate in the electronic trading business of the CBOT as limited partners of Ceres, but rather as stockholders of CBOT Holdings.

*Electronic Chicago Board of Trade, Inc.* eCBOT was formed in 2000 as a wholly owned subsidiary of the CBOT in anticipation of the expected reorganization of the CBOT's electronic trading business. In September 2000, the CBOT assigned its general partnership interest in Ceres to eCBOT. Following termination of the CBOT's arrangements with the Eurex Group, which we currently expect to occur in December 2003, Ceres will be liquidated as described above and its assets will be distributed to its partners in accordance with the terms of the limited partnership agreement, and CBOT Holdings and the CBOT subsidiary will thereafter conduct their electronic trading business through eCBOT.

*MidAmerica Commodity Exchange.* The MidAmerica Commodity Exchange, a wholly owned subsidiary of the CBOT since 1986, is the designated contract market for open outcry trading of smaller versions of certain futures and options on futures contracts currently traded at the CBOT, Chicago Mercantile Exchange and the New York Mercantile Exchange. On June 12, 2001, the CBOT's board approved a plan to redesignate certain futures and options on futures contracts currently traded as the MidAmerica Exchange as CBOT contracts and to make such redesignated contracts available for electronic trading. This plan was implemented in fall of 2001.

*OneChicago, LLC.* The CBOT is a minority interest holder in OneChicago, LLC, a joint venture formed by Chicago Board Options Exchange and the Chicago Mercantile Exchange. OneChicago is an electronic exchange that makes available for trading single-stock futures and narrow-based indices. From its launch on November 8, 2002, OneChicago traded on twenty-one single-stock futures, with plans to expand to eighty single-stock futures and fifteen narrow-based indices. As a result of CBOT's participation in the joint-venture, CBOT members are automatically members of OneChicago and can trade through existing memberships and accounts.

### **Intellectual Property**

We regard our brand name and logos and substantial portions of our marketing elements, products, market data, software and technology as proprietary, and we attempt to protect these elements by relying on trademark, service mark, copyright and trade secret laws, contracts, restrictions on disclosure and other methods. For example, with respect to trademarks, we currently have registered marks in more than 15 countries.

We are undertaking a review of our intellectual property to identify property and methods of doing business which should be protected, as well as the extent of current protection for that property and the availability of additional protection. We believe that our various trade and service marks have been registered where needed. Recent legal developments allowing patent protection for methods of doing business hold the possibility of additional protection, which we are examining.

### **Employees**

As of December 15, 2002, we had 658 full-time employees and 22 part-time employees. These numbers do not include 56 full-time employees and 29 part-time employees of C-B-T Corporation, our subsidiary engaged in managing our properties, which operates the CBOT building located at 141 West Jackson Boulevard.

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We consider our relations with our employees to be good. 45 of the 85 C-B-T Corporation employees are represented by one of the following unions:

- Chicago & North East Illinois District Council of Carpenters;
- United Brotherhood of Carpenters & Joiners of America;
- International Union of Operating Engineers Local 399, AFL-CIO; and
- Local 1, Service Employees International Union, SEIU, AFL-CIO.

### **Facilities**

Our principal executive offices are located at 141 West Jackson Boulevard, Chicago, Illinois 60604. Our telephone number is (312) 435-3500.

We own the three buildings, located at the property at 141 West Jackson Boulevard, which consist of a total of about 1,523,077 square feet. We occupy about 438,038 square feet of office, trading floor and support space. We lease the remaining space in this building to third parties. The trading area has state-of-the-art wallboard price display systems, order routing and communications systems.

In addition, we lease 1,191 square feet of office space at 1455 Pennsylvania N.W. in Washington, D.C. This space houses our government relations operations. The current lease on the Washington office space expired on January 31, 2001 and is currently being renewed on a month-to-month basis. We currently expect that this lease will be renegotiated on terms satisfactory to us.

We lease 1,800 square feet of office space at 52-54 Gracechurch Street in London, England, which is used by our European marketing staff. The current lease on the London office expires in June 2004.

We believe that our facilities are adequate for our current operations and that additional space can be obtained if needed.

### **Regulation**

#### *Regulation of the U.S. Futures Exchange Industry*

Our operations are subject to extensive regulation by the Commodity Futures Trading Commission under the Commodity Exchange Act. The Commodity Exchange Act generally requires that futures trading in commodities be conducted on a commodity exchange designated as a contract market by the CFTC. That act establishes non-financial criteria for an exchange to be designated to list futures and options contracts. Designation as a contract market for the trading of a specified futures contract is non-exclusive. This means that the CFTC may designate additional exchanges as contract markets for trading the same or similar contracts. For information regarding the CFTC approvals required as a condition to our obligation to complete the restructuring transactions, see "The Restructuring Transactions—Regulatory Matters."

We are a self-regulatory organization that is subject to the oversight of the CFTC. In order to guard against default risk with respect to contracts traded on the CBOT, we have instituted detailed risk management policies and procedures. To manage the risk of financial non-performance, we have established minimum capital requirements for all futures commission merchant member firms. In addition we operate and maintain systems to:

- ensure that futures commission merchant members maintain capital in excess of the risk based capital requirement adopted by the Board of Trade Clearing Corporation;
- require that all clearing futures commission merchant member firms electronically file a financial statement each month. All other futures commission merchant members must electronically file quarterly financial statements. Firms are placed on additional reporting, i.e., daily, weekly or monthly reporting, when necessary;

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- analyze futures commission merchant member firms financial statements with a state-of-the-art computer system designed to immediately detect financial violations and unfavorable financial trends;
- require that all futures commission merchant member firms collect initial and variation margin from their customers;
- on a daily basis, collect large trader information to determine those firms which may have increased financial exposure and, whenever necessary, the CBOT will contact firms to ensure financial compliance;
- during volatile market conditions, simulate the effect of market moves on large trader positions in order to identify those firms that have increased risk exposure; and
- exercise broad disciplinary authority over member firms including the ability to issue fines in the case of serious rule violations, and in the case of a financially distressed firm, we may take various emergency actions to protect customers, other member firms and the CBOT.

We also have surveillance and compliance operations and procedures to monitor and enforce compliance with rules pertaining to the trading, position sizes, delivery obligations and financial condition of members.

### *Changes in Existing Laws and Rules*

Additional legislation or regulation, or changes in existing laws and rules or their interpretation, may directly affect our mode of operation and our profitability. Congress has recently adopted amendments to the Commodity Exchange Act that will reduce the cost and burdens of listing new contracts for trading. The CFTC has adopted rules to implement those changes. Other amendments to the Commodity Exchange Act have been adopted by Congress that might be less favorable to our business. The regulations under which we have operated since 1974 have been changed in a manner that will permit unregulated competitors and competitors in other regulated industries to attempt to trade our products in their own trading facilities without the same regulatory costs we bear.

The Commodity Exchange Act generally requires all futures contracts to be executed on an exchange that has been approved by the CFTC. For many years, the exchange trading requirement was modified by CFTC regulations to permit privately negotiated swap contracts to be transacted in the over-the-counter market. The CFTC exemption, under which the over-the-counter derivative market operated, precluded the over-the-counter market from using exchange-like electronic transaction systems and clearing unless specific permission, including the imposition of specific conditions, was granted by the CFTC. These limitations on the exemptions granted to the over-the-counter market were called into question by a November 1999 report of the President's Working Group on Financial Markets, which is made up of the Treasury Secretary, the Chairmen of the SEC and the CFTC and the Board of Governors of the Federal Reserve System.

The working group advocated a complete exemption from the Commodity Exchange Act for some principal-to-principal derivative exchanges that provide electronic trade execution services comparable to those performed by us. The customers who may access those exempt exchanges are also significant customers of regulated exchanges like ours. The working group recommended equivalent treatment for the existing electronic markets operated by regulated exchanges or their affiliates and further recommended legislation that would permit CFTC-regulated clearing organizations to clear futures, options on futures contracts and OTC derivatives that are not securities or securities options. In contrast, the working group recommended permitting banks and SEC-regulated clearing organizations to clear financial derivative contracts, as well as equities, government securities, repurchase and reverse repurchase agreements and other instruments. Finally, the working group recommended permitting banks and broker-dealers, and their affiliates, to operate currency futures markets for retail customers without being subject to regulation under the Commodity Exchange Act. All of the working group proposals, if adopted, would likely increase the number and quality of competitors who provide execution and clearing services for standardized derivative contracts.

In February 2000, the CFTC staff released a report advocating the passage of broad regulatory exemptions to create a regulatory environment that would permit the futures industry to accommodate itself to real world

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competitive conditions. Its goal was regulation by oversight rather than proscription. The degree of regulation proposed was directly related to the characteristics of the product and the type of customer that has direct or indirect access to the market, with retail customer markets being subject to greater regulation. The CFTC's proposal would treat open outcry markets and electronic trading market in the same way.

During 2000, Congress considered legislation to implement the suggestions of the working group and the CFTC. On October 19, 2000, the U.S. House of Representatives passed that legislation in a bill numbered H.R. 4541, by a vote of 377 to 4. Further amendments were made to that bill and, as amended, it was reintroduced in the House of Representatives as H.R. 5660 on December 14, 2000. The U.S. House of Representatives and Senate each passed H.R. 5660 on December 15, 2000. It was signed into law by President William J. Clinton on December 21, 2000 as the Commodity Futures Modernization Act of 2000.

The Commodity Futures Modernization Act provides a series of exclusions from the Commodity Exchange Act that would allow our competitors to trade futures contracts identical to the ones that we offer without any form of regulation or oversight by the CFTC under certain circumstances. Generally those exclusions are available to markets limited to financial products traded among institutions, whether traded electronically or not. We too could comply with those exclusions and operate markets that are outside CFTC jurisdiction. If we chose to remain subject to CFTC jurisdiction, the Commodity Futures Modernization Act replaces the current rigid and rigorous statutory requirements exchanges now face with flexible core principles that exchanges—called contract markets or derivatives transaction execution facilities—would need to satisfy subject to CFTC oversight. In addition, if we elect to trade our non-agricultural contracts on the derivatives transaction execution facility platform, banks and broker-dealers would become qualified to act as a sales force for our contracts, thus expanding our sales force substantially. Finally, the Commodity Futures Modernization Act lifts the current ban on trading in single-stock futures subject to the coordinated oversight of the CFTC and SEC, providing U.S. futures exchanges with the opportunity to compete for this new market.

The Commodity Futures Modernization Act's new regulatory framework for exchanges could reduce our regulatory costs and enhance our ability to deliver cost-effective services to our customers. The new framework will also make it easier for others to compete with us at lower regulatory cost. Thus, the regulatory framework may provide greater regulatory advantages for some of our competitors than it does for us.

## **Legal Proceedings**

From time to time, we are involved in legal proceedings and litigation arising in the ordinary course of business. As of the date of this document, except as described below, we are not a party to any litigation or other legal proceeding that, in our opinion, could have a material adverse effect on our business, operating results or financial condition.

*Lawsuit Brought By Certain Associate Members, GIMs, IDEMs and COMs.* On August 11, 2000, eight Associate Members, GIMs, IDEMs and COMs filed a complaint, on behalf of themselves and persons or entities who own Associate Memberships, GIMs, IDEMs and COMs (excluding the 1,402 individuals who hold Full Memberships and any entity which owns a Full Membership in addition to owning an AM or other membership interest), with the Circuit Court of Cook County, Illinois. The complaint names as defendants five persons holding Full Memberships owned by corporations with multiple Full Memberships in the CBOT and a defendant class of all 1,402 Full Members.

The complaint alleges that the allocation developed by our Independent Allocation Committee is unfair and the allocation methodology used by the Independent Allocation Committee improperly weights members' voting and liquidation rights as well as the historical distribution of market values of memberships. The plaintiffs seek a declaratory judgment that the allocation is unfair to Associate Members, GIMs, IDEMs and COMs, and that the vote of Full Members in favor of the allocation in connection with the restructuring transactions would constitute a breach of fiduciary duties allegedly owed by Full Members to Associate Members, GIMs, IDEMs and COMs. The complaint requests that the court enjoin Full Members from voting in favor of the allocation and declare that the proposed allocation is unfair.



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On January 9, 2001, the defendants moved to dismiss the case on the grounds that the complaint did not sufficiently allege that the defendants would breach any fiduciary duties to Associate Members, GIMs, IDEMs and COMs by voting in favor of the restructuring. On January 25, 2001, the circuit court denied defendants' motions to dismiss without ruling on the merits of the dispute, including whether Full Members owe fiduciary duties to plaintiffs or whether the allocation is actually unfair. On February 6, 2001, a motion to compel arbitration under the CBOT rules and regulations, which provide for arbitration of disputes between members at the CBOT, and to stay the proceedings in Illinois court was filed on behalf of individual defendant Steinborn. On February 8, 2001, a similar motion to compel arbitration and stay proceedings was filed on behalf of the additional individual defendants. On March 23, 2001, the circuit court granted the defendants' motions to compel arbitration and stay proceedings. On April 20, 2001, the plaintiffs filed an appeal of the circuit court's order granting the defendant's motion to compel arbitration. On November 15, 2001, the Illinois appellate court reversed the circuit court's decision, holding that the five named defendants had waived their right to arbitration.

Following the Illinois appellate court's reversal, the five named defendants moved to dismiss the case as moot. Four of the defendants submitted affidavits stating that they would not vote in favor of the proposed allocation; the fifth defendant, Burnell Kraft, submitted an affidavit stating that he had retired and no longer held a CBOT membership. The court granted Burnell Kraft's motion to dismiss, but denied the motion to dismiss as moot by the remaining defendants on the ground that it was premature. The court stated that it would resolve class certification issues before deciding the motion to dismiss as moot. The Court subsequently certified the above described plaintiff and defendant classes. The CBOT has assumed the defense of the Full Members named as defendants in the complaint and of the defendant class.

On December 19, 2001, plaintiffs filed a second amended complaint, which is virtually identical to the amended complaint, with the exception that it adds a second count, brought by one plaintiff, Virginia McGatheay, who holds a COM membership, against the CBOT as a defendant. The CBOT filed a motion to dismiss the second count of the second amended complaint for failing to state a valid claim. On February 8, 2002, the court granted the CBOT's motion to dismiss the plaintiff's second amended complaint, but allowed the plaintiff twenty-one days to amend the second count of its second amended complaint again. The CBOT again moved to dismiss the second count of the third amended complaint. At the oral argument on CBOT's motion to dismiss, the plaintiff voluntarily dismissed the second count of its complaint. As a result, the only remaining claim in the case is the first count against the defendant class.

On May 31, 2002, defendants moved for summary judgment on the only remaining count of plaintiffs' complaint, on the grounds that Full Members do not owe a fiduciary duty to Associate Members or membership interest holders and that Delaware's business judgment rule protects the allocation decision made by the Independent Committee and the board of directors. On August 8, 2002, the court granted defendants' motion for summary judgment, holding that Full Members do not owe fiduciary duties to Associate Members and membership interest holders. On September 6, 2002, plaintiffs filed a motion asking the court to reconsider its decision to dismiss the case and terminate this litigation. On December 16, 2002, the Court denied plaintiffs' motion for reconsideration. On January 14, 2003, plaintiffs filed a notice of appeal.

We believe that the Court's decision is correct and that the plaintiffs' position is without merit. Nevertheless, we cannot provide any assurances that the plaintiffs will not succeed in preventing or delaying the vote which is the subject of this proxy solicitation or in altering the proposed allocation of equity in the restructuring transactions. Additionally, we cannot assure you that the plaintiffs will not attempt to pursue other remedies, such as damages, in the event that the restructuring transactions are completed on the terms proposed in this document. For more information, see "Risk Factors—Risks Relating to the Restructuring Transactions—Certain Members Have Filed a Complaint in Illinois State Court Challenging the Proposed Allocation of Equity in the CBOT" and "—The Allocation of the Equity in CBOT Holdings Depends on Several Relative Factors."

*Chicago Board Options Exchange Dispute.* Since 1973, when we created the Chicago Board Options Exchange, our Full Members have had a legal right to become members of that exchange without having to

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purchase a membership pursuant to the exercise right. Over the last several years, the CBOE has stated publicly its view that, if consummated, the restructuring transactions would extinguish the exercise right under certain circumstances.

In response, on June 30, 2000, we filed a complaint against the CBOE seeking declaratory and injunctive relief with respect to our Delaware reincorporation. Specifically, we sought a declaration that becoming a Delaware not-for-profit corporation would not violate a 1992 agreement between the parties or serve to extinguish the exercise right of our Full Members. On August 3, 2000, after the CBOE agreed in court that it would take no action to extinguish or limit the exercise right based solely on the reincorporation of the CBOT in Delaware, the court dismissed the CBOT's complaint. On August 30, 2000, the CBOE filed a proposed rule change with the Securities and Exchange Commission consisting of a proposed interpretation of the exercise right. On October 10, 2000, the CBOE filed an amendment to its proposed rule change and interpretation and sought SEC approval of its position. In its filing, the CBOE stated that the exercise right would be terminated:

- for any Full Member, if that Full Member sells or otherwise transfers any of the stock and other interests received as a result of completing the restructuring transactions in exchange for his or her Full Membership;
- for all Full Members, if the CBOT by expanding electronic trading on the a/c/e system or otherwise, allows non-members to trade directly on the CBOT on the same basis as members; or
- for all Full Members, if CBOT members who exercise their right to become members of the CBOE are able to trade all of the CBOT's products and the CBOE's products simultaneously.

On October 17, 2000, the CBOT filed a second complaint seeking a declaration that the restructuring transactions would not extinguish the exercise right and an injunction prohibiting the CBOE from taking any action to the contrary. On January 19, 2001, the Illinois Circuit Court dismissed Count I of our complaint for failure to sufficiently allege breach of the 1992 agreement by the CBOE and for failure to allege damages. The court also dismissed Count II of the complaint as preempted by federal law, holding that this matter should be resolved in the first instance by the SEC. The court's ruling did not address the merits of the dispute, including whether or not the CBOE's position breaches the 1992 agreement. Under this ruling, the SEC would have been free to determine whether the CBOE could take the actions described above with respect to the exercise right in connection with its proposed rule change and interpretation filed with the SEC. In response, on February 16, 2001, the CBOT filed an amended complaint, seeking a declaration by the court that the CBOE breached the 1992 agreement by adopting its proposed rule change and submitting it to the SEC for approval without the written consent of the CBOT. In addition, the CBOT sought an injunction prohibiting the CBOE from attempting to amend or modify its Rule 3.16(b), relating to the exercise right, adopted pursuant to the 1992 agreement, without our written consent, in violation of its obligations' under the 1992 agreement. Finally, the CBOT sought a declaration that certain elements of its proposed restructuring comply with the CBOT's obligations under the 1992 agreement.

On November 17, 2000, the SEC requested public comment on the CBOE's proposed rule change. On December 11, 2000 we filed a comment letter with the SEC challenging the legal validity of the proposed rule change and urging the SEC not to approve it. On February 12, 2001, we filed a supplementary comment letter with the SEC summarizing the proposed restructuring transactions and notifying the SEC of developments at the Illinois Circuit Court.

On February 26, 2001, the CBOE filed with the SEC a letter in support of its proposed rule change and in response to our filed opposition to that proposed rule change. The CBOE's letter took the position that after the restructuring transactions the CBOT will not be a membership corporation and therefore will not satisfy one of the conditions for retention of the exercise right under the 1992 agreement. The CBOE further claimed that the a/c/e system gives our members who exercise the right to become CBOE members the ability to trade on the CBOE trading floor and through the CBOT at the same time, activity that the CBOE claimed is incompatible

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with the exercise right. The CBOE also claimed that the exercise right may be terminated after the completion of the restructuring transactions because certain non-trading rights, including voting rights, of the current Full Members of the CBOT will change in connection with the completion of the restructuring transactions.

In March 2001, representatives of the CBOT initiated discussions with representatives of the CBOE to arrange for a settlement of this dispute. On March 28, 2001, we entered into an agreement with the CBOE for the purpose of facilitating our discussions regarding possible settlement of this dispute. Pursuant to this agreement, the CBOE agreed to request that the SEC refrain from approving the CBOE's filing with the SEC (File No. SR-CBOE-00-44) and the CBOT has agreed not to seek to have the registration statement of which this document forms a part declared effective by the SEC, in each case so long as such agreement remains in effect. In addition, we agreed with the CBOE that each party would file one or more joint requests for an extension of time such that the CBOE's answer or response to the CBOT's amended complaint in Illinois Circuit Court would not be due any sooner than 14 days after the termination of the agreement. This agreement remained in effect through August 1, 2001.

On August 7, 2001, the CBOT entered into an agreement with the CBOE for the stated purpose of resolving the dispute between the parties regarding the exercise right within the context of the restructuring transactions and electronic trading generally at the CBOT. Among other things, the CBOT and the CBOE agreed:

- Y that in order to exercise the right to become a member at the CBOE, an individual must be the owner (or delegate of such owner) of (A) 25,000 shares of Class A common stock of the previously contemplated stock, for-profit CBOT, subject to certain anti-dilution adjustments, (B) one share of Series B-1, Class B common stock of the previously contemplated stock, for-profit CBOT and (C) one instrument to be issued to the 1,402 Full Members, which represents the exercise right;
- Y that the CBOT has created and will maintain various incentives to promote the continued value of CBOT membership, including meaningful member and delegate fee preferences (applicable to the floor and electronic trading platform) and pit closing provisions, in each case as described in this document;
- Y to submit any questions that may subsequently arise as to the continued meaningfulness of the preferences and incentives described above to binding arbitration in accordance with the terms of the August 7, 2001 agreement;
- Y that if a Full Member of the CBOT delegates his or her membership rights to an individual who exercises and becomes a member of the CBOE, such Full Member will relinquish all member trading rights at both the CBOT and CBOE and may trade only as a customer at customer rates at the CBOT unless that Full Member owns another CBOT membership which entitles that member to member trading rights and transaction rates;
- Y that delegates of Full Members of the CBOT who have exercised their right to trade at the CBOE may trade on the CBOT's electronic trading platform only at customer rates; and
- Y that if a Full Member of the CBOT is present on the trading floor of the CBOE or is logged on to the CBOE electronic trading platform at the time an order is entered or altered on the CBOT's electronic trading platform by or on behalf of such member, then such member will be charged CBOT customer rates for trades resulting from the execution of such order.

In addition, the CBOT agreed to file a notice of voluntary dismissal of its litigation in the Illinois Circuit Court relating to the exercise right, which was filed on August 17, 2001. The CBOE agreed that it will take no action to amend, modify or otherwise limit, or terminate or cause to expire, whether by interpretation or otherwise, the exercise right as a result of the completion of the restructuring transactions, except as contemplated in the settlement agreement.

In addition, the CBOE agreed to withdraw and terminate its proposed rulemaking request. On August 13, 2001, the CBOE withdrew its proposed interpretation and rulemaking request.

The August 7, 2001 agreement states that it is subject to a number of conditions, including, among other things:

- the agreement must be filed with and approved by the SEC;
- the agreement must be approved by the membership of the CBOE;
- the registration statement of which this document is part must be declared effective by the SEC;
- the CBOE must consent to any amendment to the registration statement of which this document is part;
- the restructuring transactions must be approved by the membership of the CBOT; and
- the CBOT must receive a favorable ruling from the IRS and any required approvals by the CFTC.

On October 24, 2001, the CBOT, CBOT Holdings and the CBOE entered into a letter agreement that, among other things, specified the terms and conditions under which the August 7, 2001 agreement will apply upon the completion of the restructuring transactions as revised to provide for the holding company structure. In addition, among other things, the parties agreed that for purposes of the August 7, 2001 agreement:

- the common stock of CBOT Holdings would correspond to the “Class A Common Stock” referred to in the August 7, 2001 agreement;
- the Series B-1, B-2, B-3, B-4 and B-5, Class B memberships in the CBOT subsidiary would correspond to the “Class B Common Stock” or applicable series thereof referred to in the August 7, 2001 agreement; and
- the Class C memberships in the CBOT subsidiary would correspond to the “Exercise Coupon” referred to in the August 7, 2001 agreement.

In a related action, on August 30, 2001, 10 members of the CBOE filed a motion for a temporary restraining order and preliminary injunction against the CBOE and the CBOT, alleging that the then pending CBOE membership vote on the settlement agreement between the CBOT and the CBOE would breach the 1992 agreement, which includes as a recital article fifth (b) of the certificate of incorporation of the CBOE. According to plaintiffs, article fifth (b) and the 1992 agreement require approval of the August 7, 2001 agreement by 80% of members of the CBOE and 80% of CBOT members or their delegates who have become members of the CBOE pursuant to the exercise right. Plaintiffs asked the court to enjoin approval of the settlement agreement by members of the CBOE and to enjoin the CBOT and the CBOE from enacting the provisions of the settlement agreement. Both the CBOT and the CBOE filed motions to dismiss, which were granted by the court on September 17, 2001.

On September 13, 2002, the CBOT, CBOT Holdings and the CBOE entered into a letter agreement that, among other things, specified the terms and conditions under which the August 7, 2001 agreement and the October 24, 2001 letter agreement will apply upon the completion of the restructuring transactions, as refined subsequent to the October 24, 2001 letter agreement. In addition, among other things, the parties agreed that for purposes of the August 7, 2001 Agreement the exercise right will continue to be available to Full Members (or their delegates) under the terms of the August 7, 2001 Agreement and the October 24, 2001 letter agreement notwithstanding the restriction on transfers applicable to Series B-1, Class B memberships.

Notwithstanding entry into the August 7, 2001 agreement and related October 24, 2001 and September 13, 2002 letter agreements, we cannot assure you that the CBOE will not take other actions in the future to challenge or interfere with the exercise right or that it will not otherwise be successful in terminating the exercise right or preventing Full Members from exercising such right in the future. For more information about these risks, see “Risk Factors—Risks Relating to the Restructuring Transactions—The ‘Exercise Right’ Could be Challenged Further by the Chicago Board Options Exchange.”

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Full Members and Associate Members are being asked to ratify the agreements recently entered into by us and the CBOE. We have included as Appendices E-1, E-2 and E-3 to this document a copy of the August 7, 2001 agreement and related October 24, 2001 and September 13, 2002 letter agreements, respectively. **We urge you to review carefully all three agreements before voting on the propositions relating to the restructuring transactions.**

*Patent Rights Litigation.* On May 5, 1999, the CBOT, the Chicago Mercantile Exchange, the New York Mercantile Exchange and Cantor Fitzgerald, L.P., were sued by Electronic Trading Systems, Inc. in the United States District Court for the Northern District of Texas (Dallas Division) for alleged infringement of Wagner United States patent 4,903,201, entitled "Automated Futures Trade Exchange." On February 1, 2001, the complaint was amended to allege that CBOT infringed the patent by operating Project A, which we decommissioned in August 2000, as well as the a/c/e system. The amended complaint seeks treble damages, attorney's fees and preliminary and permanent injunctions against all defendants. The district court denied our motion to dismiss for lack of personal jurisdiction and our motion to transfer the case to the Northern District of Illinois. On April 16, 2001, we asserted a right to be indemnified with respect to this litigation by Eurex Frankfurt AG in connection with its provision of market supervision services. Eurex has disputed that obligation. On April 25, 2001, we were advised that an interest in the patent had been transferred to eSpeed, Inc. On June 5, 2001, the court allowed eSpeed to join the case as a plaintiff. On October 12, 2001, the court issued an order interpreting the asserted claims of the Wagner patent. As part of our agreement to modify our relationship with the Eurex Group, in July 2002, we released the Eurex Group from all claims that it was obligated to indemnify us in connection with the Wagner patent. On August 26, 2002, the CBOT and the Chicago Mercantile Exchange entered into a settlement with eSpeed Inc. and Electronic Trading Systems Inc., and the plaintiffs' claims were dismissed with prejudice. In connection with the settlement, the plaintiffs released the CBOT and Ceres from all claims of past infringement and granted the CBOT a license to make, have made and use the Wagner patent until it expires in February 2007. In exchange, the CBOT agreed to pay \$15.0 million over a five-year period.

*Soybean Antitrust Litigation.* On November 14, 1989, the CBOT was sued in the U.S. District Court for the Northern District of Illinois on behalf of a class of soybean farmers, challenging an emergency resolution issued by CBOT relating to the July 1989 soybean futures contract. Following two appeals to the U.S. Court of Appeals for the Seventh Circuit, the sole claim surviving for trial was plaintiffs' claim that CBOT had conspired to manipulate soybean futures prices and fix cash soybean prices in violation of Section 1 of the Sherman Act. In addition to CBOT, the suit named as defendants certain members of the CBOT's Board of Directors and its Business Conduct Committee. The plaintiff class of soybean farmers sought treble damages under Section 4 of the Clayton Act on the order of \$50 million. Trial began September 17, 2002. On October 10, 2002, the District Court granted defendants' FRCP 50(a) motion for judgment as a matter of law, and entered judgment for CBOT and all remaining defendants. On October 28, 2002, plaintiffs filed a notice of appeal.

## MANAGEMENT AND EXECUTIVE COMPENSATION

### Directors and Executive Officers

The CBOT board of directors currently consists of 18 directors, including:

- the chairman of the board;
- the vice chairman of the board;
- nine elected directors who are Full Members and of whom at least two are nonresident;
- four non-member directors;
- two elected directors who are Associate Members; and
- the president and chief executive officer, who serves as a non-voting member of the board.

Currently, there is one vacant non-member directorship.

The directors serving on the board of directors of the CBOT immediately prior to the completion of the restructuring transactions will continue as members of the boards of directors of both CBOT Holdings and the CBOT subsidiary immediately following the completion of the restructuring transactions. The continuing directors will serve for the duration of their current terms and will be subject to the same qualifications that are in effect immediately prior to the completion of the restructuring transactions, with the exception of the current public directors, whose terms will end in connection with the first annual election following the completion of the restructuring transactions. It is currently expected that this annual election will occur in the first or second quarter of 2004.

The size of the board of directors of CBOT Holdings will be reduced from 18 directors to 16 directors in connection with the first annual meeting of stockholders following the completion of the restructuring transactions. The board of directors of CBOT Holdings will then consist of:

- the chairman of the board, who will be a holder of a Series B-1, Class B membership in the CBOT subsidiary;
- a vice-chairman of the board, who will be a holder of a Series B-1, Class B membership in the CBOT subsidiary;
- eight directors, who will be holders of Series B-1, Class B memberships in the CBOT subsidiary;
- two directors, who will be holders of Series B-2, Class B memberships in the CBOT subsidiary;
- three directors, who will be "independent" within the meaning of the certificate of incorporation and bylaws of CBOT Holdings; and
- the president and chief executive officer of CBOT Holdings, who will be a non-voting director.

Except as described below, each director of CBOT Holdings will be elected to serve as a director until the second annual meeting of each such corporation following their election and will not be subject to term limits. Directors will remain entitled to serve, however, only for so long as they retain the qualifications of the directorship for which they were nominated and elected.

The elected directors of CBOT Holdings will be classified into two classes of directors consisting of eight directors and seven directors, respectively. The first class of directors will consist of:

- the chairman of the board;
- four directors, who will be holders of Series B-1, Class B memberships in the CBOT subsidiary;
- one director, who will be a holder of a Series B-2, Class B membership in the CBOT subsidiary; and
- two independent directors.

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The second class of directors will consist of:

- the vice-chairman of the board;
- four directors, who will be holders of Series B-1, Class B memberships in the CBOT subsidiary;
- one director, who will be a holder of a Series B-2, Class B membership in the CBOT subsidiary; and
- one independent director.

The president and chief executive officer will, upon appointment to such position, automatically become a non-voting director.

At the first annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions, the stockholders will elect six directors, consisting of three of the directors from the second class of directors and the three directors from the first class of directors. The directors of the second class will be elected to serve until the third annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions, and the directors of the first class will be elected to serve until the second annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions.

Thereafter, each class of directors will be elected at every other annual meeting, beginning with the first class at the second annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions. For a more detailed description of the directors and the terms that such directors are expected to be elected to at each of the first, second and third annual elections following the completion of the restructuring transactions, see, "Description of Restructuring Transactions—Modernization of Our Corporate Governance Structure—Board of Directors."

In connection with the election of directors to the new sixteen-member board of directors of CBOT Holdings, we currently anticipate that CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, will elect the same persons as members of the board of directors of the CBOT subsidiary. In order to ensure that the board of directors of the CBOT subsidiary is generally identical in size and composition to the board of directors of CBOT Holdings, it will be a qualification for service as a director of the CBOT subsidiary that such director also serve at the same time on the board of directors of CBOT Holdings.

The common stockholders of CBOT Holdings will have the right to elect the nominating committee of CBOT Holdings, which will recommend to the board of directors of CBOT Holdings persons to stand for election as directors of CBOT Holdings. The nominating committee will be composed of five stockholders, four of whom will be persons who also hold Series B-1, Class B memberships in the CBOT subsidiary and the fifth of whom will be a person who also holds a Series B-2, Class B membership in the CBOT subsidiary. The members of the nominating committee of the CBOT immediately prior to the completion of the restructuring transactions will continue as members of the nominating committee of CBOT Holdings immediately following the completion of the restructuring transactions. The continuing members of the nominating committee will serve for the duration of their current terms. Although the nominating committee will recommend nominees to the board of directors of CBOT Holdings, the board of directors of CBOT Holdings will exercise its own judgment in approving nominees to serve as directors. The nominating committee will also be responsible for nominating individuals to serve as members on the nominating committee.

Set forth below are the names, ages and positions of the persons currently serving as directors and executive officers of each of CBOT Holdings and the CBOT. As described above, immediately following the completion of the restructuring transactions, the boards of directors of both CBOT Holdings and the CBOT subsidiary will consist of the members of the board of directors of the CBOT immediately prior to the completion of the restructuring transactions. We currently expect that, subject to resignation or removal, the current executive officers of each of CBOT Holdings and the CBOT will continue to serve as executive officers of CBOT Holdings and the CBOT subsidiary, respectively, immediately following the completion of the restructuring transactions. However we can provide no assurances in this regard.

**CBOT Holdings**

<u>Name</u>	<u>Age</u>	<u>Positions Held</u>
Bernard W. Dan	42	President and Chief Executive Officer, Director
Carol A. Burke	51	Executive Vice President and Chief of Staff
William M. Farrow III	47	Executive Vice President
Glen M. Johnson	54	Senior Vice President and Chief Financial Officer
Nickolas J. Neubauer	57	Chairman of the Board of Directors

**CBOT**

<u>Name</u>	<u>Age</u>	<u>Positions Held</u>
Bernard W. Dan	42	President and Chief Executive Officer
Carol A. Burke	51	Executive Vice President and Chief of Staff
William M. Farrow III	47	Executive Vice President
Glen M. Johnson	54	Senior Vice President and Chief Financial Officer
David J. Prosperi	49	Senior Vice President
Bryan T. Durkin	42	Senior Vice President
Mary McDonnell	47	Senior Vice President
Nickolas J. Neubauer	57	Chairman of the Board
Charles P. Carey	49	Vice-Chairman of the Board
Raymond Cahnman	58	Director
John E. Callahan	61	Director
Mark E. Cermak	51	Director
Robert F. Corvino	45	Director
Howard R. Feiler	38	Director
Andrew J. Filipowski	52	Director
Veda Kaufman Levin	56	Director
James P. McMillin	45	Director
C. C. Odom II	60	Director
Gary V. Sagui	50	Director
James R. Thompson	66	Director
Michael D. Walter	53	Director
Ralph H. Weems	70	Director
Walt K. Weissman	55	Director

Set forth below is a description of the backgrounds of the persons named in the tables above.

*Bernard W. Dan* was appointed by the board to serve as President and Chief Executive Officer in November 2002. He served as an Executive Vice President from July 2001 until his appointment. From 1985 until July 2001, Mr. Dan worked in a number of different senior capacities for Cargill Investor Services Inc. and its affiliates, including, Asia Pacific Regional Head, Head of Global Execution and, most recently, President.

*Carol A. Burke* has served as Executive Vice President and Chief of Staff since November 2002 and served as Executive Vice President and General Counsel since February 1995 and Senior Vice President and General Counsel since April 1994. Prior to that time, Ms. Burke held other positions in the President's office and the Legal Department of the CBOT.

*William M. Farrow III* has served as an Executive Vice President since July 2001. From 1996 until July 2001, Mr. Farrow served as Senior Vice President for Bank One Corp. As Senior Vice President his responsibilities included eCommerce/eBusiness management, technology sales management and technology platform development and conversion.

*Glen M. Johnson* has served as our Senior Vice President and Chief Financial Officer since February 1995. From December 1982 to February 1995, he was Vice President and Treasurer of the CBOT.



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*Bryan T. Durkin* has served as Senior Vice President, Open Outcry since June 2001. Prior to that, Mr. Durkin served as Senior Vice President and Administrator, Office of Investigations & Audits and Order Routing from February 2000 to June 2001. From December 1999 to February 2000, Mr. Durkin served as Senior Vice President, Office of Investigations & Audits. From December 1993 through December 1999, he served as Vice President & Deputy Administrator, Office of Investigations & Audits.

*Mary McDonnell* has served as Senior Vice President, Screen Based Trading of the CBOT since June 2001. From July 2000 to June 2001, Ms. McDonnell served as Vice President, CBOT/Eurex Alliance. Prior to joining the CBOT in January 2000 as Project Manager and Managing Director of the CBOT/Eurex Alliance, Ms. McDonnell served as the Executive Vice President of the Bermuda Commodities Exchange from 1997 through 1999 where her responsibilities included the development, implementation and operation of the first Internet-based electronic futures exchange. From 1979 through 1996, Ms. McDonnell served as the Chief Financial and Operating Officer of Griffin Trading, a global futures clearing firm, as well as President of Griffin Asset Management Int'l. Ltd., an asset allocation firm in the futures industry.

*Nickolas J. Neubauer* has served as Chairman of the CBOT since January 2001. He has been an independent trader on the CBOT since February 1978. He is the President of Sano Corporation, an Arizona real estate corporation that he founded in 1991. He owns two Full Memberships in the CBOT and two CBOE memberships.

*David P. Prosperi* has served as Senior Vice President and Assistant to the President since May 1996, as Senior Vice President of Communications since February 1995, and Vice President of Communications upon joining the CBOT in June 1990.

*Charles P. Carey* has served as a director since 1997 and Vice-Chairman since January 2000. He also serves on the Finance, Executive and Human Resources Committees. He is the Managing Member of RCH Trading LLC, a registered broker-dealer. Mr. Carey holds one Full Membership in the CBOT and is a partner at Henning & Carey, a commodity trading firm.

*Raymond Cahnman* has served as a director since January 2000. Mr. Cahnman has been a trader on the CBOT for the previous five years, and he currently trades with TransMarket Group L.L.C., a clearing firm. Mr. Cahnman holds, directly or indirectly, by virtue of his controlling interest in TransMarket Group L.L.C., three Full Memberships, one Associate Membership, eight GIMs and three IDEMs.

*John E. Callahan* has served as a director since March 2002, and is a member of the Finance Committee. He is currently an independent trader. From December 1999 to July 2001, Mr. Callahan was a Managing Member of Callahan DPM, LLC. Prior to December 1999, for over twenty years, he was an independent market maker for the Chicago Board Options Exchange. Mr. Callahan holds a Full Membership in the CBOT.

*Mark Cermak* has served as a director since January 2000, and is the Chairman of the Regulatory Compliance Committee and the Joint CBOE/CBOT Advisory Committee and is a member of the Finance Committee and the Executive Committee. He is currently a President of O'Connor & Co. LLC, a clearing member of the CBOT, a position he has held since January 1995. Mr. Cermak is a director of the New England Grain and Feed Council and holds one Full Membership in the CBOT.

*Robert F. Corvino* has served as a director since January 2000. He is also a member of the Executive Committee, the Finance Committee and the Floor Financial Committee, of which he is the Chairman. Mr. Corvino is a member of RCH Trading LLC, a registered broker-dealer. From November 1985 to May 2000, Mr. Corvino was an independent trader. He holds one Full Membership in the CBOT.

*Howard R. Feiler* has served as a director since March 2002. He is a member of the Finance Committee, the Regulatory Compliance Committee, the Audit Committee and the Appellate Committee. From 1995 to 2001, he was a member of the Treasury Bond Pit Committee. Mr. Feiler has been a bond trader/broker for AH&J Brokerage, Inc. since January 1999. From 1986 to 1998 he was employed as a vice president at Lehman Brothers. Mr. Feiler holds one Associate Membership in the CBOT.

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*Andrew J. Filipowski* has served as a director since January 2000 and is a member of the Audit Committee. Mr. Filipowski is the founder and, since June 1999, has been the Chairman and Chief Executive Officer of divine, inc., a Chicago-based enterprise Web solutions company. Founded in 1999, divine is focused on developing and marketing critical software infrastructure and technology solutions for enterprises worldwide, as well as the integration, training and sales and marketing services to support those solutions. divine also holds interests in various companies that are principally involved in integrated solutions for e-commerce and vertical markets. Prior to June 1999, Mr. Filipowski was Chairman, President and Chief Executive Officer of PLATINUM technology international, inc., a software services company. He is a director of Blue Rhino Corp., a propane cylinder exchange distributor and eShare Technologies, a provider of contract management software solutions.

*Veda Kaufman Levin* has served as a director since January 2000. She has been the Group Vice President—Department of Futures Sales at ABN/AMRO, NA. Incorporated since February 2001. From March 1994 to February 2001, Ms. Kaufman Levin served as a Senior Vice President of Lazard Freres & Co. She holds one Full Membership in the CBOT.

*James Patrick McMillin* has served as a director since January 2000, and is a member of the Human Resources Committee. He is currently an Area Director for CSI, Inc., a software engineering company. From August 2000 to July 2001, Mr. McMillin served as an Account Sales Manager at Comdisco Inc., a provider of equipment leasing and network services, data protection and financial and technology management. Prior to that, Mr. McMillin traded financial futures at the CBOT. Mr. McMillin is a director of Hinsdale Bank and Trust, a community bank, and holds one Associate Membership in the CBOT.

*C. C. Odom, II* has served as a director since March 2002, and is a member of the Executive Committee, the Finance Committee and the Chairman of the Lessors Committee. In addition, Mr. Odom serves as a director of the MidAmerica Commodity Exchange, and serves on the Executive Committee of the board of directors of the MidAmerica Commodity Exchange. Mr. Odom is currently employed by Alexander Consulting & Billing (from 1999), Frontier Health (from 2000), and RBC Development (from 1997). He also serves on the board of directors of Mission Road Development and the South Texas Community Foundation, both of which are charitable in nature. Prior to his current employment, Mr. Odom was employed at Alamo Capital Funding from 1993 to 2000. Mr. Odom holds one Full Membership in the CBOT.

*Gary V. Sagui* has served as a director since March 2002, and is a member of the Finance Committee and the Regulatory Compliance Committee. Since 1989, he has been an individual trader. Mr. Sagui holds one Full Membership, one Associate Membership and one IDEM Membership in the CBOT.

*James Robert Thompson, Jr.*, has served as a director since February 1991. Governor Thompson has been the Chairman of the law firm of Winston & Strawn, a national law firm that acts as counsel for the Independent Allocation Committee of our board of directors, since January 1991. From January 1977 to January 1991, he was the Governor of the State of Illinois. He serves on the Audit and Human Resources Committees and is Chairman of the Independent Allocation Committee of our board of directors. Governor Thompson is a director of FMC Corporation, a diversified chemicals company; FMC Technologies, Inc., a manufacturer of products utilized in the oil and gas industry; Hollinger International Inc., a newspaper publisher; Prime Retail, Inc., a real estate investment trust specializing in factory outlet centers; Prime Group Realty Trust, a real estate investment trust focused on industrial properties, and MAXIMUS, Inc., a consulting company.

*Michael D. Walter* has served as a director since January 2000, and is the Chairman of the Audit Committee and a member of the Human Resources Committee. Since October 1996, he has been Senior Vice President, Commodity Procurement and Economic Strategies of ConAgra Foods, Inc. From February 1989 to September 1996, Mr. Walter was President of ConAgra Specialty Grain Cos. Mr. Walter is Chairman of the Board of European Oat Millers, an oat milling company, and a director of ConAgra Malt, a worldwide manufacturer of malt. ConAgra holds one Full Membership in the CBOT.

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*Ralph H. Weems* has served as a director since August 2002 and previously served as a director from January 1990 to March 2002, and from January 1985 to January 1988. He serves as a member of the Independent Allocation Committee of the board of directors. Mr. Weems has owned and operated an independent farm since June 1955.

*Walt K. Weissman* has served as a director since March 2002. Since 1978, he has been the Vice Chairman of Tradelink, L.L.C. Mr. Weissman holds one Full Membership in the CBOT.

### **Committees of Directors**

It is currently expected that the board of directors of CBOT Holdings will have an executive committee, an audit committee and a compensation committee. It is currently expected that the members of these committees will be elected by CBOT Holdings' board of directors following the completion of the restructuring transactions. Each of these committees is described in more detail below.

#### *Executive Committee*

It is currently expected that the board of directors of CBOT Holdings will have an executive committee consisting of directors elected by the board to serve on such committee. The Executive Committee will exercise the authority of the full board of directors when the board is not in session, except as required by the certificate of incorporation or bylaws of CBOT Holdings or applicable law.

#### *Audit Committee*

It is currently expected that the board of directors of CBOT Holdings will have an audit committee consisting of three members who will be directors elected by the board to serve on such committee. We currently expect that the audit committee will initially include the three independent directors. This committee will review the results and scope of the audit and other services provided by the independent auditors as well as the accounting and internal control procedures and policies of CBOT Holdings.

#### *Compensation Committee*

It is currently expected that the board of directors of CBOT Holdings will have a compensation committee consisting of three members who will be directors elected by the board to serve on such committee. It will oversee the compensation and benefits of CBOT Holdings' and its subsidiaries' management and employees.

#### *Other Committees*

In addition to these committees, it is currently expected that CBOT Holdings and the CBOT subsidiary will maintain the current board and non-board committees as currently composed. It is also currently expected that CBOT Holdings and the CBOT subsidiary may create additional non-board advisory bodies and other non-board committees comprised of directors, officers and stockholders or members, as appropriate.

### **Nominating Committee**

The common stockholders of CBOT Holdings will have the right to elect a nominating committee to be composed of five stockholders of CBOT Holdings, four of whom will be Series B-1, Class B members and the fifth of whom will be a Series B-2, Class B members of the CBOT subsidiary. This committee will review the qualifications of potential candidates and will propose to the then-sitting board of directors for their review and approval nominees for vacant positions or positions expected to be vacant on the board of directors. The members of the nominating committee of the CBOT immediately prior to the completion of the restructuring transactions will continue as members of the nominating committee of CBOT Holdings immediately following

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the completion of the restructuring transactions. The continuing members of the nominating committee will serve for the duration of their current terms. The nominating committee will also be responsible for nominating individuals to serve as members of the nominating committee.

### Director Compensation

We currently expect that each independent director of CBOT Holdings will receive an annual fee of \$40,000, plus a meeting attendance fee of \$1,500 for each regular meeting of the board that they attend. All directors of CBOT Holdings will receive reimbursement of expenses for travel to meetings.

We currently expect that directors of the CBOT subsidiary will not receive any fees, except that all directors of the CBOT subsidiary will receive reimbursement of expenses for travel to meetings to the extent such meetings do not coincide with meetings of the board of directors of CBOT Holdings.

Mr. Neubauer was elected by the members to serve as chairman of the board of directors in December 2000 and began to serve in such capacity in January 2001. Mr. Neubauer was paid a total of \$240,000 in director's fees for 2001.

### Executive Compensation

The following table and the related notes set forth information relating to the compensation paid to each of the named executive officers of the CBOT, consisting of the CBOT's chief executive officers and each of the next four most highly compensated of the CBOT's current executive officers, for services rendered during the year ended December 31, 2002.

Name and Principal Position	CBOT FY 2002 Annual Compensation			
	Salary	Bonus(1)	Other Annual Compensation(2)(4)	Total
<b>Bernard W. Dan (3)</b> President and Chief Executive Officer	\$ 422,051	\$ 450,000	\$ 19,070	\$ 891,121
<b>Carol A. Burke</b> Executive Vice President and Chief of Staff	512,292	225,000	161,309	898,601
<b>William M. Farrow III</b> Executive Vice President	350,000	350,000	16,853	716,853
<b>Glen M. Johnson</b> Senior Vice President & CFO	272,000	45,000	62,009	379,009
<b>David P. Proserpi</b> Senior Vice President	265,000	35,000	54,210	354,210

(1) Bonuses for services performed in 2002 by named executive officers were paid in January 2003.

(2) Executives under contract with the CBOT are entitled to participate in all employee benefit plans and to receive all other fringe benefits as are from time to time made available to the senior management of the CBOT, which includes the CBOT contribution to a qualified 401(k) savings plan and the CBOT contribution to a non-qualified plan.

(3) Our former President and Chief Executive Officer, David J. Vitale, was appointed in January 2001 and resigned in November 2002. For further discussion of the terms and conditions of the general release and separation agreement related to Mr. Vitale's resignation, see "—Vitale Separation Agreement." Mr. Vitale received a total of \$1,250,000 in salary, \$500,000 in bonus and \$29,459 in other annual compensation for \$1,779,459 in total compensation in 2002. Following Mr. Vitale's resignation, Bernard W. Dan was appointed President and Chief Executive Officer in November 2002. Mr. Dan previously served as an Executive Vice President of the CBOT. See "—Employment-Related Agreements."

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(4) The following table presents the amount of each category of “Other Annual Compensation” paid by the CBOT with respect to each of the named individuals:

<u>Name</u>	<u>401(k) Matching Contribution</u>	<u>Supplemental Plan</u>	<u>Other</u>	<u>Total</u>
Mr. Dan	\$ 4,000	\$ —	\$ 15,070	\$ 19,070
Ms. Burke	16,607	120,105	24,597	161,309
Mr. Farrow	—	—	16,853	16,853
Mr. Johnson	4,289	49,294	8,425	62,009
Mr. Prospero	3,804	31,957	18,449	54,210

### **Employee Benefit Plans**

#### *401(k) and Thrift Plan*

CBOT Holdings and its subsidiaries will maintain the 401(k)-type plan currently sponsored by us and currently known as the “Employee Savings Plan.” This is a defined contribution retirement plan intended to qualify under Section 401 of the Internal Revenue Code. Employees of CBOT Holdings and its subsidiaries will be eligible to participate in this plan after completing three months of continuous employment.

The following table describes the elective employee and matching employer contributions as defined under this plan, and the vesting of employer contributions:

<u>Employee Contributions*</u>	<u>Employer Contributions</u>
Basic Pre-Tax 1-4%	100% Match up to 4%
Voluntary Pre-Tax 5-30%	None
Voluntary After-Tax 1-10%	None
Vesting	25% after working each of the first two calendar years. Participants become fully vested after completing three years of service.

\* Subject to limits (Employee Contributions restricted to a combined limit of 40%) and other statutory annual limits.

#### *Pension Plan*

CBOT Holdings and its subsidiaries will also maintain a non-contributory defined benefit pension plan that provides a predetermined amount of retirement income to eligible participants and their beneficiaries. To participate in this plan, an employee must complete one year of employment and be 21 years of age. The policy will be to fund currently required pension costs to the extent allowed for a tax deduction by the IRS. Participants become fully vested in the plan after five years of vesting service. One year of vesting service is obtained by completing 1,000 hours of work in a calendar year after age 18.

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Assuming the participant retires at age 65, the following table sets forth the retirement income for the qualified pension plan before a reduction of an amount equal to 50 percent of the participant's primary social security benefit.

**PENSION PLAN TABLE**

Final Average Compensation	Years of Service				
	15	20	25	30	35
\$ 125,000	\$ 37,500	\$ 50,000	\$ 62,500	\$ 62,500	\$ 62,500
\$ 150,000	\$ 45,000	\$ 60,000	\$ 75,000	\$ 75,000	\$ 75,000
\$ 175,000	\$ 52,500	\$ 70,000	\$ 87,500	\$ 87,500	\$ 87,500
\$ 200,000	\$ 60,000	\$ 80,000	\$ 100,000	\$ 100,000	\$ 100,000
\$ 250,000	\$ 75,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
\$ 300,000	\$ 90,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
\$ 400,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
\$ 450,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
\$ 500,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
\$ 600,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000

A plan participant's retirement benefit is determined by taking the difference between 50% of his final average compensation (based on participant's highest 60 consecutive months of earnings) and 50% of his primary social security benefit. But if the participant is credited with less than 25 years of benefit service, then the benefit amount is multiplied by a fraction, the numerator of which is the actual years of benefit service and the denominator of which is 25.

Any participant who had both attained age 50 and was fully vested in his accrued benefit under the terms of the plan as of September 1, 1985, will have his retirement benefit determined by taking the difference between 65 percent of his final average compensation and 50 percent of his primary social security benefit. But if the participant is credited with less than 25 years of benefit service, then the benefit amount is multiplied by a fraction, the numerator of which is the actual years of benefit service and the denominator of which is 25.

All earnings disclosed at "Other Annual Compensation" for each of the five named executives is included in the compensation covered by the plan, except for Other Annual Compensation amounts consisting of payment in lieu of vacation, payments for sick days earned over plan limits and payments for the tax effect on Exec-u-care and 401K payments in excess of qualified limits. Covered compensation for 2002 for Mr. Dan, Ms. Burke, Mr. Farrow, Mr. Johnson and Mr. Prosperi was \$623,263, \$598,196, \$551,212, \$307,231 and \$295,096, respectively.

As of December 31, 2002, the estimated credited years of service under the CBOT pension plan for Mr. Dan, Ms. Burke, Mr. Farrow, Mr. Johnson and Mr. Prosperi are 1, 20, 1, 25 and 13, respectively.

Mr. Vitale's covered compensation for 2002 was \$1,897,045 and his estimated credited years of service was 2 years.

*CBOT Excess Plan*

CBOT Holdings and its subsidiaries will maintain our non-qualified plans that are not subject to the Employee Retirement Income Security Act of 1974. Employees whose compensation limits their benefits under certain sections of federal law are compensated at year end for any benefit shortfall based on current actuarial assumptions that mirror the defined benefit or defined contribution plans. These year-end payments are intended to make up for the reduction in qualified pension plan benefits payable to those certain employees because of the

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limitations imposed under federal law. In 2002, Ms. Burke, Mr. Johnson and Mr. Proserpi received \$88,950, \$41,419 and \$17,489, respectively, under the Excess Plan.

CBOT Holdings and its subsidiaries also will maintain a nonqualified supplemental pension plan for certain former employees. The liability for this nonqualified plan is funded by life insurance on the lives of the participating employees. CBOT Holdings and its subsidiaries will succeed to the trust established by us for the purpose of administering the nonqualified plan.

### *Health Plan*

CBOT Holdings and its subsidiaries will maintain the health plan currently sponsored by us which provides multiple medical and dental coverage options covering qualified participants and their eligible dependents. New employees are eligible to participate in the plan if working on a full-time basis after 30 days of consecutive active service. Plan funding is accomplished through a combination of fully insured and self-funded arrangements. Employees contribute specified amounts to the plan, depending on the medical or dental option elected and the number of dependents covered. The administration of claims is performed by insurance carriers and paid claims administrators.

### *Insurance Benefit Plan*

CBOT Holdings and its subsidiaries will maintain our non-contributory welfare plan providing life, disability and accidental death and dismemberment benefits to eligible participants. New employees are eligible to participate in the plan if working on a full-time basis after 30 days of consecutive active service. The plan pays certain insurance carriers premiums through which designated benefits are paid.

### *Non-Qualified Plans*

CBOT Holdings and its subsidiaries will maintain our non-qualified plans that are not subject to the Employee Retirement Income Security Act of 1974. Employees whose compensation limits their benefits under Section 415 of the Internal Revenue Code are compensated at year end for any benefit shortfall based on current actuarial assumptions that mirror the defined benefit or defined contribution plans.

CBOT Holdings and its subsidiaries also will maintain a nonqualified supplemental pension plan for certain former employees. The liability for this nonqualified plan is funded by life insurance on the lives of the participating employees. CBOT Holdings and its subsidiaries will succeed to the trust established by us for the purpose of administering the nonqualified plan.

## **Employment-Related Agreements**

### *Vitale Separation Agreement*

In November 2002, in connection with the resignation of David J. Vitale, our President and Chief Executive Officer, we entered into a general release and separation agreement with Mr. Vitale which terminated certain terms of Mr. Vitale's employment agreement. Under the agreement, the CBOT is obligated to continue to pay Mr. Vitale's base salary at a rate of \$1,250,000 per annum through December 31, 2004 and will be obligated to pay Mr. Vitale a performance bonus of \$500,000 and Mr. Vitale's supplemental 401(k) plan payment for the calendar year ended December 31, 2002. The CBOT will be required to provide Mr. Vitale with all health benefits covering Mr. Vitale as of the date of termination, and to provide Mr. Vitale with an office, clerical assistance and a parking space at its facilities, through November 30, 2003. In addition, Mr. Vitale will remain vested in the appreciation units granted as incentive awards vested on or before March 31, 2003 and will retain the right to exercise such vested appreciation units on or before March 31, 2003.

Under the agreement, Mr. Vitale agreed to release and discharge the CBOT, its affiliates, directors, officers, members, employees, representatives and insurers from any and all claims suits, demands, causes of action and

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other liabilities arising from any matter occurring on or prior to the date of the Agreement. Mr. Vitale also remains subject to the confidentiality, non-competition and non-solicitation obligations under his employment agreement until November 4, 2003, except that Mr. Vitale's non-competition obligations with regard to the Eurex Group, Brokertec, the St. Louis Merchants Exchange and the Board of Trade Clearing Corporation will extend until November 4, 2004. The failure of Mr. Vitale to comply with these obligations will result in the termination of Mr. Vitale's ability to exercise his vested appreciation units.

*Vitale Employment Agreement*

On February 20, 2001, we entered into an employment agreement with Mr. Vitale which had a term of four years unless terminated earlier by the CBOT or Mr. Vitale or as a result of Mr. Vitale's death or permanent disability. Under the agreement, Mr. Vitale was entitled to a base salary of \$1,250,000 per year in addition to a performance bonus, which for fiscal year 2001 was \$750,000. He was entitled to participate in all of our employee benefit plans that are generally available to senior management. In addition, because Mr. Vitale's term of employment has terminated prior to achieving vested status under such employee benefit plans, he will be entitled to an additional benefit under a non-qualified deferred compensation plan in an amount equal to the amount of non-vested benefits accrued under such employee benefit plans. He was also entitled to have certain perquisites paid for or reimbursed by the CBOT, including club memberships, automobile allowance and financial planning and other professional expenses not to exceed \$25,000.

In addition, Mr. Vitale received an incentive award, consisting of equity appreciation rights, which will entitle him to receive the benefit of any appreciation in the value of the CBOT's memberships and/or their post-restructuring equivalents. The equity appreciation rights, which have been granted in the form of appreciation units, gave Mr. Vitale the right to receive the excess of the fair market value of the covered equity with respect to an appreciation unit on the date such appreciation unit is exercised over the grant value of such appreciation unit.

The following table summarizes the type, number, grant value and covered equity with respect to each appreciation unit granted to Mr. Vitale, as modified to reflect the holding company structure adopted by the board of directors in October 2001 and set forth in a letter agreement, which we expect to enter into with Mr. Vitale prior to the completion of the restructuring transactions.

EQUITY APPRECIATION RIGHTS			COVERED EQUITY			
Class of Appreciation Unit	Number of Appreciation Units	Grant Value Per Unit	Membership Equivalent Per Unit	Common Stock Equivalent Per Unit	Class B Membership Equivalent Per Unit	Class C Membership Equivalent Per Unit
A-1A	25	\$ 400,000	1 Full Membership	A-1 Conversion Shares	1 Series B-1	1 Class C
A-1B	10	\$ 600,000	1 Full Membership	A-1 Conversion Shares	1 Series B-1	1 Class C
A-2	10	\$ 80,000	1 Associate Membership	A-2 Conversion Shares	1 Series B-2	—
A-4	5	\$ 10,000	1 IDEM Membership	A-4 Conversion Shares	1 Series B-4	—
A-5	5	\$ 20,000	1 COM Membership	A-5 Conversion Shares	1 Series B-5	—

The number of shares of common stock of CBOT Holdings covered by an appreciation right will be dependent upon the number of shares of common stock issued with respect to the membership equivalent for such appreciation unit following the completion of the restructuring transactions. The appreciation rights will generally vest in accordance with the schedule set forth in the following table:

Class of Appreciation Unit	Number of Applicable Appreciation Units Vested			
	February 20, 2002	February 20, 2003	February 20, 2004	February 20, 2005
A-1A	10 Units	5 Units	5 Units	5 Units
A-1B	4 Units	2 Units	2 Units	2 Units
A-2	4 Units	2 Units	2 Units	2 Units
A-4	2 Units	1 Unit	1 Unit	1 Unit
A-5	2 Units	1 Unit	1 Unit	1 Unit



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Mr. Vitale is subject to certain non-competition and non-solicitation provisions during the employment term and for one year following the date of termination and, pursuant to the terms of the separation agreement, to certain non-competition provisions for an additional two years following the date of termination.

### *Other Agreements*

We also have an Executive Employment Agreement with Carol A. Burke, our Executive Vice President and Chief of Staff. The term of the agreement began May 18, 1999 and generally runs until May 18, 2002 or the earlier death, total and permanent disability or termination of the executive. The employment period under the agreement will be extended for one calendar month for each calendar month after May 2001 that Ms. Burke serves under her agreement. The CBOT and Ms. Burke each have the right to provide notice to the other party to their respective agreements of their intent to cease extending such agreement and, upon such notice, the term of such agreement shall terminate 12 calendar months following the furnishing of notice of such intent. The agreement provides for a base salary of \$500,000 and annual increases as determined by our board of directors in its sole discretion. The agreement provides that the executive is entitled to participate in all of our employee benefit plans that are generally available to senior management, including post-employment medical and dental benefits.

In the event of Ms. Burke's disability, she would receive her base compensation for the first year during which she is under the disability. After the first year, she would receive one-half of her base pay during the remainder of the disability, but not beyond the end of the employment term. This disability pay would be reduced to the extent she receives payments from other sources such as insurance as a result of the disability. We may terminate her if the disability is total and permanent, in which case she would be entitled to her base compensation through the end of the employment term. Pursuant to the agreement, Ms. Burke agrees to certain non-competition provisions during the employment term and for one year thereafter.

Mr. Dan and Mr. Farrow each have entered into arrangements whereby they will be entitled to one year of their current annual salary should their employment be terminated other than for cause. The CBOT has not entered into an employment agreement with Mr. Dan concerning his appointment as Chief Executive Officer, and the CBOT has no immediate plans to enter into such an employment agreement with Mr. Dan regarding his appointment.

**Beneficial Ownership of Management and Directors**

The following table lists the shares of capital stock of CBOT Holdings that will be beneficially owned following the completion of the restructuring transactions by each of the directors, each of the executive officers named in the summary compensation table included at “—Executive Compensation” and CBOT Holdings’ directors and executive officers as a group. Except as otherwise indicated below, this information is based on the beneficial ownership known to us by those persons of CBOT memberships as of January 16, 2003. There was no person known to us to be the beneficial owner of more than five percent of the membership interests of CBOT as of such date and none of the persons listed in the table below are currently expected to beneficially own one percent or more of any of the shares of common stock of CBOT Holdings.

Name of Beneficial Owner	Number of Shares of Common Stock	Percent of Class
Nickolas J. Neubauer	50,000	*
Bernard W. Dan	—	—
Carol A. Burke	—	—
Bryan T. Durkin	—	—
William M. Farrow III	—	—
Glen M. Johnson	—	—
David P. Prosperi	—	—
Mary McDonnell	—	—
Charles P. Carey	25,000	*
Raymond Cahnman(1)	111,600	*
Mark E. Cermak	25,000	*
Robert F. Corvino	25,000	*
Andrew J. Filipowski	—	—
Veda Kaufman Levin	25,000	*
James P. McMillin	5,000	*
James R. Thompson	—	—
Michael D. Walter(2)	25,000	*
John E. Callahan	25,000	*
Howard R. Feiler	5,000	*
C. C. Odom, II	25,000	*
Gary V. Sagui	30,300	*
Ralph H. Weems	—	—
Walt K. Weissman(3)	75,000	*
Directors and Executive Officers as a group (22 persons)	452,500	1.1%

\*Indicates percent of class owned is not more than 1%.

- (1) Includes 10,700 shares of common stock owned by TransMarket Group LLC, which Mr. Cahnman may be deemed to beneficially own. Mr. Cahnman disclaims such beneficial ownership.
- (2) Includes 25,000 shares of common stock owned by ConAgra Specialty Grain Cos., which Mr. Walter may be deemed to beneficially own. Mr. Walter disclaims such beneficial ownership.
- (3) Includes 50,000 shares of common stock owned by Tradelink L.L.C., which Mr. Weissman may be deemed to beneficially own. Mr. Weissman disclaims such beneficial ownership.

Our directors and officers hold memberships entitling them to cast an aggregate of 16 <sup>2</sup>/<sub>3</sub> votes on each of the propositions, representing about 1.1% of the total votes that may be cast. As described above, certain of our directors own memberships of various classes in the CBOT. As a result, their interests may differ from and conflict with your interests.

Until January 1, 2001, our board of directors was composed of twenty-seven members, at which time the terms of nine directorships expired and ceased to exist pursuant to our certificate of incorporation and bylaws. Some of these directors may have held Full, Associate, GIM (or one-half Associate Memberships), IDEM or COM Memberships.

## DESCRIPTION OF CAPITAL STOCK AND MEMBERSHIPS

In connection with the restructuring transactions, in respect of each membership in the CBOT, each member of the CBOT will receive a combination of interests consisting of:

- common stock of CBOT Holdings;
- one of the five series of Class B Membership in the CBOT subsidiary that corresponds to the class of CBOT membership currently held; and
- if you are a Full Member of the CBOT, one Class C membership in the CBOT subsidiary.

As a result of the transfer restrictions applicable to the common stock of CBOT Holdings and the Class B memberships in the CBOT subsidiary, these interests will effectively be “stapled” together for an indefinite period of time, as described in greater detail below. This means that, for the duration of these transfer restrictions, these interests may only be transferred as a combination. We describe generally below the material terms of the common stock of CBOT Holdings and the Class B and Class C memberships in the CBOT subsidiary. However, this description is not complete. For a complete description of the terms of our common stock, we refer you to the forms of amended and restated certificate of incorporation and bylaws of CBOT Holdings which are attached as Appendices F and G, respectively, to this document. For a complete description of the terms of the Class B and Class C memberships in the CBOT subsidiary, as well as the Class A membership in the CBOT subsidiary, which will be received by CBOT Holdings, we refer you to the forms of amended and restated certificate of incorporation and bylaws of the CBOT subsidiary, which are attached as Appendices H and I, respectively, to this document. **We urge you to read those documents carefully before voting on the propositions relating to the restructuring transactions.**

For more information about the common stock of CBOT Holdings and Class B and Class C memberships in the CBOT subsidiary and how your rights and obligations as stockholders of CBOT Holdings and members of the CBOT subsidiary will differ from your current rights and obligations as CBOT members, see “Comparison of the Rights of Members of the CBOT Prior to and After Completion of the Restructuring Transactions.”

### Common Stock of CBOT Holdings

#### *General*

Under its certificate of incorporation, the authorized capital stock of CBOT Holdings will consist of 39,802,650 shares of common stock, \$0.001 par value per share. Immediately following the completion of the restructuring transactions, all 39,802,650 shares of common stock authorized will be outstanding. The shares of common stock of CBOT Holdings issued in connection with the restructuring transactions will be validly issued, fully paid and non-assessable.

The common stock will represent an equity interest in CBOT Holdings and will generally have traditional features of common stock, including, among other things, dividend, voting and liquidation rights.

#### *Dividend Rights*

Subject to the limitations under Delaware law and priorities and preferences that may apply to any outstanding shares of preferred stock, holders of common stock will be entitled to receive such dividends or other distributions as may be declared by the board of directors of CBOT Holdings out of funds legally available therefor.

It is not currently anticipated that CBOT Holdings will pay dividends on its common stock in the near future. However, CBOT Holdings may later determine to pay dividends out of its available surplus.

#### *Voting*

Unless otherwise required by the certificate of incorporation of CBOT Holdings or applicable law, holders of the common stock of CBOT Holdings will be entitled to one vote per share with respect to all matters upon

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which the stockholders of CBOT Holdings are entitled to vote generally, including the election of directors, amendments to the certificate of incorporation, mergers, sales of all or substantially all of the corporate assets or property or a dissolution.

In addition, the holders of common stock of CBOT Holdings will have the right to vote on any proposal for a transaction (or series of related transactions) either involving the sale of a significant amount of CBOT Holdings' assets to a third party or in which CBOT Holdings proposes to acquire, invest in or enter into a business in competition with the then existing business of the CBOT subsidiary. For purposes of this provision, a significant amount of CBOT Holdings' assets means 10% of the fair market value of the assets, both tangible and intangible, of CBOT Holdings as of the time of the board approval of the proposed sale, as determined by the board of directors of CBOT Holdings in its sole and absolute discretion. The board of directors of CBOT Holdings will determine, in its sole and absolute discretion, whether any business is in competition with the then existing business of the CBOT subsidiary (which will also include any businesses proposed as of such time).

Further, it will require the consent of the common stockholders of CBOT Holdings for CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, to vote in favor of any of the following proposals:

- any merger of the CBOT subsidiary with a third party;
- any transaction (or series of related transactions) involving the sale of a significant amount of the CBOT subsidiary's assets to a third party;
- any transaction (or series of related transactions) in which the CBOT subsidiary proposes to acquire, invest in or enter into a business in competition with the CBOT subsidiary's then existing business;
- any removal or reduction of the transfer restrictions applicable to the Class A membership or the Class B memberships in the CBOT subsidiary; or
- any dissolution or liquidation of the CBOT subsidiary.

For purposes of this provision, a significant amount of the CBOT subsidiary's assets means 10% of the fair market value of the assets, both tangible and intangible, of the CBOT subsidiary as of the time of the board approval of the proposed sale, as determined by the board of directors of the CBOT subsidiary in its sole and absolute discretion. The board of directors of the CBOT subsidiary will determine, in its sole and absolute discretion, whether any business is in competition with the then existing business of the CBOT subsidiary (which will also include any business proposed as of such time).

The common stock will not have cumulative voting rights.

### *Board of Directors*

The directors serving on the board of directors of the CBOT immediately prior to the completion of the restructuring transactions will continue as members of the boards of directors of both CBOT Holdings and the CBOT subsidiary immediately following the completion of the restructuring transactions. The continuing directors will serve for the duration of their current terms with the exception of the current public directors, whose terms will end in connection with the first annual election following the completion of the restructuring. It is currently expected that this annual election will occur in the first or second quarter of 2004.

The size of the board of directors of CBOT Holdings will be reduced from 18 directors to 16 directors in connection with the first annual meeting of stockholders following the completion of the restructuring transactions. The board of directors of CBOT Holdings will then consist of:

- the chairman of the board, who will be a holder of a Series B-1, Class B membership in the CBOT subsidiary;
- a vice-chairman of the board, who will be a holder of a Series B-1, Class B membership in the CBOT subsidiary;
- eight directors, who will be holders of Series B-1, Class B memberships in the CBOT subsidiary;
- two directors, who will be holders of Series B-2, Class B memberships in the CBOT subsidiary;
- three directors, who will be "independent" within the meaning of the certificate of incorporation and bylaws of CBOT Holdings; and

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• the president and chief executive officer of CBOT Holdings who will be a non-voting director.

Except as described below, each director of CBOT Holdings will be elected to serve as a director until the second annual meeting of each such corporation following their election and will not be subject to term limits.

The elected directors of CBOT Holdings will be classified into two classes of directors consisting of eight directors and seven directors, respectively. The first class of directors will consist of:

• the chairman of the board;

• four directors, who will be holders of Series B-1, Class B memberships in the CBOT subsidiary;

• one director, who will be a holder of a Series B-2, Class B membership in the CBOT subsidiary; and

• two independent directors.

The second class of directors will consist of:

• the vice-chairman of the board;

• four directors, who will be holders of Series B-1, Class B memberships in the CBOT subsidiary;

• one director, who will be a holder of a Series B-2, Class B membership in the CBOT subsidiary; and

• one independent director.

The president and chief executive officer will, upon appointment to such position, automatically become a non-voting director.

At the first annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions, the stockholders will elect six directors, consisting of three of the directors from the second class of directors and the three directors from the first class of directors. The directors of the second class will be elected to serve until the third annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions, and the directors of the first class will be elected to serve until the second annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions. Thereafter, each class of directors will be elected at every other annual meeting, beginning with the first class at the second annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions. For a more detailed description of the directors and the terms that such directors are expected to be elected to at each of the first, second and third annual elections following the completion of the restructuring transactions, see “Description of Restructuring Transactions—Modernization of Our Corporate Governance Structure—Board of Directors.”

### *Nomination Procedures for Directors*

The certificate of incorporation of CBOT Holdings will grant the common stockholders the right to elect a nominating committee to recommend to the board of directors nominations of persons to stand for election as directors of CBOT Holdings. The nominating committee will be composed of five stockholders, four of whom will be persons who also hold Series B-1, Class B memberships in the CBOT subsidiary and the fifth of whom will be a person who also holds a Series B-2, Class B membership, in the CBOT subsidiary. The members of the nominating committee of the CBOT immediately prior to the completion of the restructuring transactions will continue as members of the nominating committee of CBOT Holdings immediately following the completion of the restructuring transactions. The continuing members of the nominating committee will serve for the duration of their current terms.

Although the nominating committee will provide nominations to the board of directors of CBOT Holdings, the board of directors of CBOT Holdings will make an independent determination, in accordance with its fiduciary duties, to nominate individuals to serve as directors. In addition to nominations made by this

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committee, stockholders of CBOT Holdings will also be entitled to nominate persons to stand for election as directors of CBOT Holdings if the nominee is qualified and the stockholder satisfies certain advance notice requirements. If the stockholder satisfies each of these conditions and delivers a petition executed by at least 40 persons who are both stockholders and holders of Series B-1 or Series B-2, Class B memberships in the CBOT subsidiary, CBOT Holdings will, to the extent it prepares and delivers a proxy statement and form of proxy, at its own expense, include the name of such nominee and all other appropriate information related to such nominee, that is provided with respect to the board of directors' nominees in such proxy statement and form of proxy.

### *No Conversion, Preemptive or Subscription Rights*

The holders of common stock of CBOT Holdings will have no conversion, preemptive or subscription rights.

### *Liquidation Rights*

Upon any liquidation, dissolution or winding up of CBOT Holdings, whether voluntary or involuntary, holders of common stock of CBOT Holdings will be entitled to receive pro rata such assets as are available for distribution to stockholders after there shall have been paid or set apart for payment the full amounts necessary to satisfy any preferential or participating rights to which holders of each outstanding series of preferred stock, if any, are entitled by the terms of such series. In other words, each share of common stock of CBOT Holdings shall have equal liquidation rights.

### *Transfer Restrictions*

The shares of common stock of CBOT Holdings will generally be subject to a complete restriction on transfer. Notwithstanding this restriction on transfer, stockholders may transfer all, but not less than all, of the shares of common stock associated with a Class B membership in the CBOT subsidiary if all such shares of common stock are transferred together with the associated Class B membership (i.e., 25,000 shares of common stock of CBOT Holdings with one Series B-1, Class B membership, 5,000 shares of common stock of CBOT Holdings with one Series B-2, Class B membership in the CBOT subsidiary, 2,500 shares of common stock of CBOT Holdings with one Series B-3, Class B membership in the CBOT subsidiary, 300 shares of common stock of CBOT Holdings with one Series B-4, Class B membership in the CBOT subsidiary, and 350 shares of common stock of CBOT Holdings with one Series B-5, Class B membership in the CBOT subsidiary).

This restriction on transfer will not apply in a transaction (involving a specific stockholder) that is specifically approved by the board of directors of CBOT Holdings or a committee thereof. In addition, the restriction may be removed or reduced if the board of directors and stockholders of CBOT Holdings approve an amendment to the relevant provision of the certificate of incorporation of CBOT Holdings. Because a reciprocal restriction appears in the certificate of incorporation of the CBOT subsidiary, we expect that no amendment to either certificate of incorporation would be made unless amendments to both certificates of incorporation would be made. As described in greater detail elsewhere in this document, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) in order for CBOT Holdings to vote in favor of an amendment to remove or reduce this restriction on transfer.

In addition to the restrictions discussed above, shares of common stock of CBOT Holdings received in connection with the restructuring transactions by "affiliates" may be resold only pursuant to further registration under the Securities Act or in transactions that are exempt from registration under the Securities Act.

### *Other Provisions*

CBOT Holdings will establish a number of change of control provisions that may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with

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CBOT Holdings' board of directors rather than pursue non-negotiated takeover attempts. Some of these provisions will be implemented pursuant to the certificate of incorporation and bylaws of CBOT Holdings and others will be implemented independently. These provisions will include the following:

*Advance Notice Procedures.* CBOT Holdings' bylaws will contain provisions requiring that advance notice be delivered to CBOT Holdings of any business to be brought by a stockholder before an annual meeting of stockholders and providing for certain procedures to be followed by stockholders in nominating persons for election to the CBOT Holdings board of directors.

Generally, such advance notice provisions will require that a stockholder must give written notice to the secretary of CBOT Holdings not less than 20, nor more than 60, days prior to the first anniversary of the date on which CBOT Holdings first mailed its proxy materials for the preceding year's annual meeting of stockholders. In each case, the notice must set forth specific information regarding such stockholder and each director nominee or other business proposed by such stockholder, as applicable, as provided in the bylaws. Except as described below with respect to nominations by stockholders of CBOT Holdings for persons to be elected to the board of directors of CBOT Holdings at a special meeting of stockholders at which directors are to be elected, stockholders will not be permitted to make proposals, or bring other business, to a special meeting of stockholders.

Nominations by stockholders for persons to be elected to the CBOT Holdings board of directors at a special meeting of the stockholders, if directors are to be elected at such meeting, generally will require that a stockholder give written notice to the secretary of CBOT Holdings not later than the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the CBOT Holdings board of directors.

If nominations are made in accordance with such advance notice procedures, CBOT Holdings shall, to the extent it prepares and delivers a proxy statement and form of proxy, at its own expense, include the name of such nominee and all other information related to such nominee that is provided with respect to the board of directors' nominees in such proxy statement and form of proxy in the event that:

• a stockholder proposes to nominate an individual for election or reelection as a director of CBOT Holdings;

• such stockholder has satisfied each of the terms and conditions described above for the nomination of such nominee; and

• such stockholder has delivered to the secretary of CBOT Holdings a written petition executed by at least 40 persons who are both holders of Series B-1, Class B memberships in the CBOT Subsidiary and holders of common stock of CBOT Holdings proposing to nominate such nominee.

*Special Meetings of Stockholders.* CBOT Holdings' certificate of incorporation and bylaws will provide that the chairman of the board or the board of directors may call special meetings of the stockholders. In addition, the chairman of the board or the board of directors will be required to call a special meeting upon the written request of the holders of at least 10% of all outstanding shares entitled to vote on the action proposed to be taken at such meeting.

*No Action by Written Consent of Stockholders.* CBOT Holdings' certificate of incorporation will require that all stockholder actions must be taken by a vote of the stockholders at an annual or special meeting, and will not permit the stockholders to take action by written consent without a meeting.

*Amendment of Certificate of Incorporation.* CBOT Holdings' certificate of incorporation will generally require the approval of not less than a majority of the voting power of all then-outstanding shares of stock of CBOT Holdings entitled to vote generally in the election of directors, voting together as a single class, in order to amend the certificate of incorporation.

*Amendment of Bylaws.* CBOT Holdings' certificate of incorporation will generally require the approval of not less than a majority of the votes cast at any annual or special meeting of the stockholders of CBOT Holdings, in order to adopt, repeal or amend the bylaws in response to a stockholder proposal.

*Delaware Anti-Takeover Statute.* CBOT Holdings will elect to be subject to a Delaware anti-takeover law. Subject to certain exceptions, this statute prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- prior to such date, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder’s becoming an interested stockholder;
- upon the completion of the transaction which resulted in the stockholder’s becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding, for purposes of determining the number of shares outstanding, those shares owned by persons who are directors and also officers and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 <sup>2</sup>/<sub>3</sub>% of the outstanding voting stock which is not owned by the interested stockholder.

For purposes of this statute, a “business combination” includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an “interested stockholder” is a person who, together with affiliates and associates, owns 15% or more of the corporation’s voting stock or a person who is an affiliate of the corporation and who did own, within three years prior to the date of determination whether the person is an “interested stockholder,” 15% or more of the corporation’s voting stock.

*Limitation of Liability of Directors*

The certificate of incorporation of CBOT Holdings will provide, as authorized by Delaware law, that a director of CBOT Holdings will not be personally liable to CBOT Holdings or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability:

- for any breach of the director’s duty of loyalty to CBOT Holdings or its stockholders;
- for any act or omission not in good faith or which involved intentional misconduct or a knowing violation of law;
- for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided by Delaware law; or
- for any transaction from which the director derived an improper personal benefit.

The inclusion of this provision in our certificate of incorporation may have the effect of reducing the likelihood of derivative litigation against directors, and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefitted CBOT Holdings and its stockholders.

The bylaws of CBOT Holdings will provide that CBOT Holdings will indemnify its directors and officers and may indemnify its employees and agents to the fullest extent permitted by law. The bylaws will also permit CBOT Holdings to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity, regardless of whether the bylaws would permit indemnification.

*Transfer Agent*

We have selected LaSalle Bank, National Association to serve as the stock transfer agent and registrar for the common stock of CBOT Holdings following the completion of the restructuring transactions.



*Book Entry*

The common stock of CBOT Holdings will be initially issued as uncertificated shares registered in book-entry form. As a result, no certificates representing your shares of the common stock of CBOT Holdings will be mailed to you upon the completion of the restructuring transactions. Instead of receiving share certificates, you will receive account statements reflecting your respective ownership interest in shares of the common stock of CBOT Holdings. Your book-entry shares will be held with our transfer agent, LaSalle Bank, National Association, who will serve as the registrar for the common stock of CBOT Holdings. However, any holder of the common stock of CBOT Holdings who would like to receive a physical certificate evidencing his or her shares of the common stock of CBOT Holdings will be able to obtain a certificate at any time at no charge by contacting the transfer agent.

Although stockholders are entitled pursuant to applicable law to receive physical stock certificates evidencing their shares, our stock transfer agent has advised us that physical certification of shares may make it more difficult to verify stock ownership to the CBOE for the purpose of facilitating the utilization of the CBOE exercise right and, as a result, could delay the utilization of the CBOE exercise right by Full Members who request such certification. Thus, you may wish to consider this before requesting physical certification of your shares if you are a holder of a Class C membership in the CBOT subsidiary.

**Class B and Class C Memberships in the CBOT Subsidiary**

*General*

Under its certificate of incorporation, the CBOT subsidiary will be authorized to issue a maximum of one Class A membership, 3,702 Class B memberships, composed of 1,402 Series B-1, 867 Series B-2, 148 Series B-3, 642 Series B-4 and 643 Series B-5 Class B memberships, and 1,402 Class C memberships. Based on CBOT membership as of January 22, 2003, immediately following the completion of the restructuring transactions, one Class A membership, 1,402 Series B-1, Class B memberships, 793 Series B-2, Class B memberships, 148 Series B-3, Class B memberships, 642 Series B-4, Class B memberships, 643 Series B-5, Class B memberships and 1,402 Class C memberships will be outstanding. Of course, these numbers would change if and to the extent that GIMs are transferred and one-half Associate Memberships are converted into Associate Memberships. The memberships in the CBOT subsidiary will be validly issued.

The certificate of incorporation of the CBOT subsidiary will provide that each holder of Series B-1, Series B-2, Series B-3, Series B-4 and Series B-5, Class B memberships who satisfies the membership and eligibility requirements with respect to a Full Membership, Associate Membership, GIM Membership, IDEM Membership or COM Membership, respectively, in each case, as set forth in the CBOT subsidiary's rules and regulations, will be entitled to all of the rights and privileges, including all trading rights and privileges, of a CBOT Full Member, Associate Member, GIM, IDEM or COM, as the case may be, subject to applicable Delaware law or as otherwise provided in the CBOT subsidiary's certificate of incorporation, bylaws and rules and regulations.

Holders of Class C memberships in the CBOT subsidiary will, subject to satisfaction of certain requirements, be entitled to exercise a right to become a member of the CBOE without having to purchase a membership on such exchange. Following the completion of the restructuring transactions, the Class C membership of the CBOT subsidiary will represent the exercise right held by each Full Member of the CBOT. The exercise right will be the only right associated with the Class C membership.

*Distribution and Dividend Rights*

The Class B and Class C memberships will not be entitled to receive any distributions or dividends, including the proceeds from liquidation, from the CBOT subsidiary. Subject to the limitations under Delaware law, CBOT Holdings, as the holder of the sole Class A membership, will have the exclusive right to receive all distributions and dividends, including the proceeds from liquidation, as may be declared by the board of directors of the CBOT subsidiary out of funds legally available therefore.

*Voting Rights*

The board of directors of the CBOT subsidiary will have the authority to adopt and recommend for membership approval amendments to the certificate of incorporation of the CBOT subsidiary. An amendment to the certificate of incorporation of the CBOT subsidiary will require the approval of the board of directors of the CBOT subsidiary and, except as provided below, CBOT Holdings, the holder of the sole Class A membership in the CBOT subsidiary. In addition, subject to the rights of holders of Series B-1 and Series B-2, Class B memberships with respect to the core rights as further described below, the board of directors of the CBOT subsidiary will have the authority to adopt, amend or repeal the bylaws of the CBOT subsidiary, which will include the rules and regulations of the CBOT subsidiary, without approval from the membership. However, the holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary will have the exclusive right among members to vote on any proposed amendment to the certificate of incorporation or bylaws of the CBOT subsidiary that would adversely affect the following core rights:

- the allocation of products that a holder of a specific series of Class B membership is permitted to trade on the exchange facilities of the CBOT subsidiary, e.g., the elimination of any product from a holder's trading rights and privileges;
- the requirement that, subject to certain limited exceptions agreed to by the CBOT and CBOE, holders of Class B memberships in the CBOT subsidiary will be charged transaction fees for trades of the CBOT subsidiary's products for their accounts that are lower than the transaction fees charged to any participant who is not a holder of a Class B membership for the same products;
- the number of authorized classes or series of memberships, or number of memberships, in the CBOT subsidiary (it being understood that any change to the the number of classes or series of memberships, or the number of memberships, shall be deemed to adversely affect such right);
- the membership and eligibility requirements to become a holder of a Class B membership in the CBOT subsidiary or to exercise the associated trading rights or privileges; and
- the commitment to maintain current open outcry markets so long as each such market is deemed liquid unless the discontinuance of any such market is approved by the holders of the Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary.

In addition, the holders of Series B-1 and Series B-2 memberships in the CBOT subsidiary will also have the exclusive right to initiate, without the approval of the board of directors of the CBOT subsidiary, proposals to adopt, repeal or amend the bylaws of the CBOT subsidiaries. They can also make non-binding recommendations that the board of directors of the CBOT subsidiary consider proposals that, as a matter of Delaware law, require the approval of the board of directors of the CBOT subsidiary. Member proposals may be initiated at an annual meeting of the members of the CBOT subsidiary or, after satisfying certain advance notice requirements, special meetings of the members of the CBOT subsidiary and, subject to applicable law, will require the approval of a majority of votes cast at such annual or special meeting.

Holders of Series B-1, Class B memberships in the CBOT subsidiary will have one vote per membership and holders of Series B-2, Class B memberships in the CBOT subsidiary will have one-sixth of one vote per membership in any vote on any matter on which the holders of such memberships are entitled to vote. These voting rights are based on the current voting rights of Full Members and Associate Members of the CBOT. Holders of Series B-3, Series B-4 and Series B-5, Class B memberships and Class C memberships in the CBOT subsidiary will not have the right to vote on any matters or to initiate any proposal. Subject to applicable law, the affirmative vote of a majority of the votes cast at any annual or special meeting called for such purpose shall be sufficient to constitute approval of all matters upon which the holders of Series B-1 and Series B-2, Class B memberships are entitled to vote, provided that quorum requirements have been met.

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CBOT Holdings, as the holder of the Class A membership will have the right to vote on all matters upon which the members of the CBOT subsidiary will be entitled to vote generally. In addition, CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, will have the right to vote in favor of any of the following proposals:

- any merger of the CBOT subsidiary with a third party;
- any transaction (or series of related transactions) involving the sale of a significant amount of the CBOT subsidiary's assets to a third party;
- any transaction (or series of related transactions) in which the CBOT subsidiary proposes to acquire, invest in or enter into a business in competition with the CBOT subsidiary's then existing business;
- any removal or reduction of the transfer restrictions applicable to the Class A membership or the Class B memberships in the CBOT subsidiary; or
- any dissolution or liquidation of the CBOT subsidiary.

However, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) for CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, to vote in favor of any such proposal.

The certificate of incorporation of the CBOT subsidiary will provide that the holder of the Class A membership must be present in person or by proxy to constitute a quorum on matters upon which the Class A membership is entitled to vote and that one-third of the voting power of the Class B memberships entitled to vote must be present in person or by proxy in order to constitute a quorum on matters upon which the holders of Series B-1 and Series B-2 Class B memberships are entitled to vote. Based on the respective voting power of these two series of Class B memberships, any such amendment or proposal could be approved by the holders of Series B-1, Class B memberships even though the holders of Series B-2, Class B memberships voted against the amendment. This result is consistent with the result that would be obtained under the CBOT's existing certificate of incorporation, bylaws and rules and regulations with respect to matters voted on by Full Members and Associate Members as a single class.

The chairman of the board or the board of directors of the CBOT subsidiary will have the ability to call a special meeting of the members of the CBOT subsidiary and will be required to call a special meeting of the members of the CBOT subsidiary upon the written request of at least 10% of the voting power of the holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary. The certificate of incorporation of the CBOT subsidiary will provide that one-third of the voting power of the Class B memberships entitled to vote must be present in person or by proxy in order to constitute a quorum.

### *Board of Directors*

In connection with the election of directors to the new sixteen-member board of directors of CBOT Holdings, we currently anticipate that CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary (which is the sole membership entitled to vote in the election of directors), will nominate and elect the same persons as members of the board of directors of the CBOT subsidiary. In order to ensure that the board of directors of the CBOT subsidiary is generally identical in size and composition to the board of directors of CBOT Holdings, it will be a qualification for service as a director of the CBOT subsidiary that such director also serve at the same time on the board of directors of CBOT Holdings.

### *Transfer Restrictions*

The Class A membership held by CBOT Holdings may not be transferred by CBOT Holdings without an amendment to the certificate of incorporation of the CBOT subsidiary, which will require the approval of the board of directors of the CBOT subsidiary and the approval of CBOT Holdings, as the holder of the sole Class A

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membership in the CBOT subsidiary. As described in greater detail elsewhere in this document, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) in order for CBOT Holdings to vote in favor of an amendment to remove or reduce this restriction on transfer.

The holders of Class B memberships in the CBOT subsidiary may transfer a Class B membership if such Class B membership is transferred together with the shares of common stock of CBOT Holdings associated with such Class B membership. For example, if you are an Associate Member of the CBOT and receive as part of the restructuring transactions 5,000 shares of common stock of CBOT Holdings and one Series B-2, Class B membership in the CBOT subsidiary, you will only be able to transfer your common stock in CBOT Holdings, if you transfer all 5,000 shares of your common stock together with your Series B-2, Class B membership in the CBOT subsidiary. Otherwise, the Class B memberships in the CBOT subsidiary generally will be subject to a complete restriction on transfer as described in greater detail elsewhere in this document.

This restriction on transfer will not apply in a transaction (involving a specific member) that is specifically approved by the board of directors of the CBOT subsidiary or a committee thereof. In addition, the restriction may be removed or reduced if the board of directors and if CBOT Holdings, as holder of the sole Class A membership in the CBOT subsidiary, approves an amendment to the relevant provision of the certificate of incorporation of the CBOT subsidiary. However, as described in greater detail elsewhere in this document, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) in order for CBOT Holdings to vote in favor of an amendment to remove or reduce this restriction on transfer. Because a reciprocal restriction appears in the certificate of incorporation of CBOT Holdings, we expect that no amendment would be made unless amendments to both certificates of incorporation would be made.

The Class C memberships in the CBOT subsidiary generally will not be subject to any transfer restrictions. However, a holder of a Class C membership seeking to become a member of the CBOE must hold 25,000 shares of common stock of CBOT Holdings and one Series B-1, Class B membership, along with such Class C membership, in each case subject to certain anti-dilution adjustments, in order to be eligible to become a member of the CBOE without having to purchase a membership in such exchange. Accordingly, if you are a Full Member of the CBOT, you should give careful consideration to this requirement before either transferring your common stock of CBOT Holdings and Series B-1, Class B membership without your Class C membership in the CBOT subsidiary or transferring your Class C membership in the CBOT subsidiary without your common stock of CBOT Holdings and Series B-1, Class B membership in the CBOT subsidiary.

### *Conversion, Preemption, or Subscription Rights*

Holders of Class B and Class C memberships in the CBOT subsidiary will not be entitled to conversion, preemption or subscription rights from the CBOT subsidiary.

### *Liquidation Rights*

In the event of the full liquidation of the CBOT subsidiary, holders of Class B and Class C memberships will not be entitled to any distributions upon the liquidation of the CBOT subsidiary. CBOT Holdings, as the holder of the sole Class A membership, will have the exclusive right to receive all distributions upon the liquidation of the CBOT subsidiary.

### *Limitation of Liability of Directors*

The certificate of incorporation of the CBOT subsidiary will provide, as authorized by Delaware law, that a director of the CBOT subsidiary will not be personally liable to the CBOT subsidiary or its members for monetary damages for breach of fiduciary duty as a director, except for liability:

- for any breach of the director's duty of loyalty to the CBOT subsidiary or its members;
- for any act or omission not in good faith or which involved intentional misconduct or a knowing violation of law;

• for unlawful payments of dividends, distributions or unlawful members' repurchases or redemptions as provided by Delaware law; or

• for any transaction from which the director derived an improper personal benefit.

The inclusion of this provision in the CBOT subsidiary's certificate of incorporation may have the effect of reducing the likelihood of derivative litigation against directors, and may discourage or deter members or management from bringing a lawsuit against directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefitted the CBOT subsidiary and its members.

The bylaws of the CBOT subsidiary will provide that the CBOT subsidiary will indemnify its directors and officers and may indemnify its employees and agents to the fullest extent permitted by law. The bylaws will also permit the CBOT subsidiary to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity, regardless of whether the bylaws would permit indemnification.

**COMPARISON OF THE RIGHTS OF MEMBERS OF THE CBOT  
PRIOR TO AND AFTER COMPLETION OF THE RESTRUCTURING TRANSACTIONS**

**Overview**

As a result of the restructuring transactions, the CBOT will be demutualized by creating a stock, for-profit holding company, CBOT Holdings, and distributing shares of common stock of CBOT Holdings to our members, while maintaining the CBOT as a nonstock, for-profit subsidiary of CBOT Holdings in which our members will hold memberships representing trading rights and privileges on the exchange operated by such subsidiary. In addition, in connection with the restructuring transactions, our board of directors has approved and adopted, and we are proposing for your consideration, certain changes to our certificate of incorporation, bylaws and rules and regulations. Generally speaking, these changes are designed to implement a more modern and efficient corporate governance structure, while maintaining for our members important rights with respect to the core rights relating to the trading rights and privileges associated with Class B membership, as well as other voting rights, and rights to initiate proposals to repeal or amend the bylaws, rules, and regulations of the CBOT.

You are being asked to approve a new certificate of incorporation for the CBOT (which will be approved if you approve the merger agreement relating to the reorganization merger, and will take effect as the certificate of incorporation of the CBOT subsidiary at the effective time of the merger), changes to the CBOT's bylaws, (which will become the bylaws of the CBOT subsidiary) and ratify all other matters relating to the restructuring transactions, including the certificate of incorporation and bylaws of CBOT Holdings and certain new rules and regulations of the CBOT subsidiary as part of the restructuring transactions. The certificate of incorporation and bylaws of CBOT Holdings will become effective prior to the time the reorganization merger becomes effective and the certificate of incorporation and bylaws of the CBOT subsidiary will become effective at the time the reorganization merger becomes effective, with the exception of a provision in the CBOT's bylaws that is designed to confirm that GIMs, IDEMs, and COMs are members for purposes of Delaware law, which will become effective immediately following membership approval of the propositions relating to the restructuring transactions. By voting in favor of the propositions relating to the restructuring transactions, Full Members and Associate Members will be voting to approve and adopt this amendment to the CBOT's bylaws in advance of the completion of the restructuring transactions. Upon the effectiveness of these changes to our corporate governance structure, certain of your rights and obligations as stockholders of CBOT Holdings and as members of the CBOT subsidiary will change from those that you currently have as members of the CBOT. In this section, we will describe those changes that we believe to be material. **We urge you to carefully review and consider these changes in your rights and obligations before voting on the propositions relating to the restructuring transactions.**

The following description summarizes the material differences between the rights and obligations of holders of the CBOT memberships prior to and following the completion of the restructuring transactions. We do not intend this summary to be a complete statement of the rights and obligations of holders of the common stock of CBOT Holdings or memberships in the CBOT subsidiary, or a comprehensive comparison of the rights and obligations of members of the CBOT prior to and following the completion of the restructuring transactions, or a complete description of the specific provisions referred to in this summary. We do not intend that this identification of specific differences is to indicate that other equally or more significant differences do not exist.

**The forms of certificate of incorporation and bylaws of CBOT Holdings are attached as Appendices F and G, respectively, to this document and the forms of certificate of incorporation and bylaws of the CBOT subsidiary are attached as Appendices H and I, respectively, to this document. Our current certificate of incorporation, bylaws and rules and regulations have been filed as exhibits to the registration statement of which this document forms a part. In addition, the form of the rules and regulations of the CBOT subsidiary, which, subject to changes to the rules and regulations occurring from time to time after the date of this document, we currently expect to be the rules and regulations of the CBOT subsidiary immediately after the completion of the restructuring transactions, has been filed as an exhibit to the registration**

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statement. A summary of the status of certain current CBOT rules and regulations as a result of the restructuring transactions is attached as Appendix J to this document. We urge you to review and consider carefully each of these documents before voting on the propositions relating to the restructuring transactions.

**For-Profit Status; Authority to Issue Capital Stock**

Currently, our certificate of incorporation expressly provides that the CBOT is not-for-profit and has no authority to issue capital stock. The certificate of incorporation of the CBOT subsidiary will provide that it remains without authority to issue capital stock, but that it is for-profit. CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, will be entitled to receive all profits, i.e., distributions, dividends and proceeds upon liquidation, from the CBOT subsidiary. The certificate of incorporation for CBOT Holdings will provide that it is for-profit and has the ability to issue capital stock, which will enable CBOT Holdings to issue the shares of common stock to be distributed to the CBOT members in connection with the restructuring transactions.

**Dividends**

Delaware law currently provides that corporations, whether for-profit or not-for-profit, may declare and pay dividends on the shares of its stock, or to its members if the corporation is a nonstock corporation, out of funds legally available for such purposes. Neither the CBOT's, CBOT Holdings' nor the CBOT subsidiary's certificate of incorporation otherwise restricts the CBOT's, CBOT Holdings' or the CBOT subsidiary's respective authority to declare and pay dividends. Consequently, the CBOT, under the current certificate of incorporation, CBOT Holdings, under its certificate of incorporation, and the CBOT subsidiary, under its certificate of incorporation, are, for purposes of Delaware law, authorized to declare and pay dividends.

CBOT Holdings will have the ability to declare and pay dividends to its common stockholders, and the CBOT subsidiary will have the ability to declare and pay dividends to the holder of its sole Class A membership, CBOT Holdings, in each case, out of funds legally available for such purposes. Stock corporations may pay dividends out of their "surplus" as defined under Delaware law or, in certain circumstances out of "net profits" for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

The demutualization of the CBOT pursuant to the restructuring transactions has been designed to provide that the mechanism for the distribution of legally available funds, if any, to the CBOT members after the completion of the restructuring transactions will be the declaration and payment of dividends on the shares of common stock of CBOT Holdings. The board of directors of CBOT Holdings will be able to determine, in its sole and absolute discretion, the time of declarations and payments, if any, of dividends on the shares of common stock of CBOT Holdings.

We have no current plans to pay dividends on the common stock of CBOT Holdings in the near future. However, although we can provide no assurances in this regard, CBOT Holdings may later determine to pay dividends out of its available surplus.

**Authorized Capital**

Currently, our certificate of incorporation, bylaws, rules and regulations authorize the following classes of CBOT membership:

- Full;
- Associate;
- GIM (and one-half Associate Membership);
- IDEM; and
- COM.

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In order to authorize any additional classes of CBOT membership, it would be necessary to amend our bylaws or rules, which are deemed part of the bylaws. The authorized or maximum number of Associate Members, GIMs, IDEMs and COMs under the bylaws and rules is 867, 351, 642 and 643, respectively. Our certificate of incorporation, bylaws, rules and regulations do not expressly provide for an authorized or maximum number of Full Memberships. However, our certificate of incorporation, bylaws, rules and regulations do not authorize the creation of new members in existing classes. Therefore, we believe that the creation of new members would require an amendment to our rules, which, in the case of Full Members, has the result of creating a *de facto* authorized or maximum number of Full Memberships equal to the current number of such memberships, which is 1,402.

Under its amended and restated certificate of incorporation, CBOT Holdings will be authorized to issue up to 39,802,650 shares of common stock, par value \$0.001 per share. The common stock of CBOT Holdings will generally have traditional features of common stock, including, among other things, dividend, voting and liquidation rights. Immediately after the completion of the restructuring transactions, there will be 39,802,650 shares of common stock of CBOT Holdings issued and outstanding.

As a result, based on the foregoing, following the completion of the restructuring transactions, the board of CBOT Holdings will not be authorized to issue any additional shares of its common stock without requiring an amendment to the certificate of incorporation of CBOT Holdings and without stockholder approval. The authorization of any additional shares of common stock or additional classes or series of stock would require an amendment to the certificate of incorporation of CBOT Holdings, which would, in turn, require appropriate stockholder approval.

Under the certificate of incorporation of the CBOT subsidiary, it will be authorized to issue up to:

- one Class A membership;
- 1,402 Series B-1, Class B memberships;
- 867 Series B-2, Class B memberships;
- 148 Series B-3, Class B memberships;
- 642 Series B-4, Class B memberships;
- 643 Series B-5, Class B memberships; and
- 1,402 Class C memberships.

Immediately after the completion of the restructuring transactions, assuming no further conversions of one-half Associate Memberships in the CBOT into Associate Memberships in the CBOT, we currently expect that the following memberships in the CBOT subsidiary will be outstanding:

- one Class A membership;
- 1,402 Series B-1, Class B memberships;
- 793 Series B-2, Class B memberships;
- 148 Series B-3, Class B memberships;
- 642 Series B-4, Class B memberships;
- 643 Series B-5, Class B memberships; and
- 1,402 Class C memberships.

The sole Class A membership, which will be held by CBOT Holdings, will entitle CBOT Holdings to the exclusive right to receive all distributions, dividends and proceeds upon liquidation from the CBOT subsidiary.



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Each of the five series of Class B membership will entitle an eligible holder to trading rights and privileges that correspond to the trading rights and privileges of one of the five current classes of CBOT membership. The Class C membership in the CBOT subsidiary will, subject to satisfaction of certain requirements, entitle the holder to become a member of the CBOE without having to purchase a membership on such exchange. Neither the Class B nor Class C memberships in the CBOT subsidiary will entitle the holder to receive any distributions, dividends or proceeds upon liquidation from the CBOT subsidiary.

The creation of any additional classes or series of memberships or the creation of any additional authorized memberships from the classes or series of memberships in the CBOT subsidiary described above would require an amendment to the certificate of incorporation of the CBOT subsidiary, which would require the approval of the CBOT subsidiary's board of directors and Class A member. In addition, any amendment which would change the number of authorized classes or series of membership, or number of memberships, would require the approval of the holders of the Series B-1 and Series B-2, Class B memberships.

### **Terms and Conditions of Membership**

Currently, the terms and conditions of membership in the CBOT are set forth in our certificate of incorporation, bylaws, rules and regulations. The terms and conditions of membership, including all trading rights and privileges, will continue to be set forth in the CBOT subsidiary's certificate of incorporation and bylaws, which will include the rules and regulations. The terms and conditions of membership in the CBOT include, among other things, general provisions related to application for membership, member rights, privileges and obligations, member conduct and discipline, registration, assessments and fees, purchase and sale or transfers of memberships or membership interests, insolvency and trading and other rights and privileges of the various classes of membership.

As described above, the Class B memberships will be issued in five separate series: Series B-1, Series B-2, Series B-3, Series B-4 and Series B-5. The certificate of incorporation of the CBOT subsidiary will provide that each holder of Series B-1, Series B-2, Series B-3, Series B-4 and Series B-5, Class B memberships who satisfies the membership and eligibility requirements with respect to a Full Membership, Associate Membership, GIM, IDEM or COM, respectively, in each case, as set forth in the CBOT subsidiary's rules and regulations, will be entitled to all of the rights and privileges, including all trading rights and privileges, of a Full Member, Associate Member, GIM, IDEM or COM, as the case may be, subject to applicable Delaware law or as otherwise provided in the CBOT subsidiary's certificate of incorporation, bylaws and rules and regulations.

In addition, the certificate of incorporation for the CBOT subsidiary will provide for the issuance to each Full Member one Class C membership, which will, subject to satisfaction of certain terms and conditions, entitle the holder to become a member of the CBOE without having to purchase a membership on such exchange.

### **Transferability**

Currently, memberships may be purchased or sold pursuant to transfer mechanisms established by our rules and regulations.

Following the completion of the restructuring transactions, shares of common stock of CBOT Holdings, and the Class A membership and the Class B memberships in the CBOT subsidiary each will generally be subject to a complete restriction on transfer, except to the extent otherwise described elsewhere in the document.

Notwithstanding this restriction on transfer, stockholders may transfer all, but not less than all, of the shares of common stock of CBOT Holdings associated with a Class B membership in the CBOT subsidiary if all such shares of common stock are transferred together with the associated Class B membership. This restriction on transfer will not apply in a transaction (involving a specific stockholder) that is specifically approved by the board of directors of CBOT Holdings or a committee thereof. In addition, the restriction may be removed or reduced if the board of directors and stockholders of CBOT Holdings approve an amendment to the relevant provision of the certificate of

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incorporation of CBOT Holdings. However, as described in greater detail elsewhere in this document, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) in order for CBOT Holdings to vote in favor of an amendment to remove or reduce this restriction on transfer. Because a reciprocal restriction appears in the certificate of incorporation of the CBOT subsidiary, we expect that no amendment to either certificate of incorporation would be made unless amendments to both certificates of incorporation would be made.

The Class A membership held by CBOT Holdings may not be transferred by CBOT Holdings without an amendment to the certificate of incorporation of the CBOT subsidiary, which will require the approval of the board of directors of the CBOT subsidiary and the approval of CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary. Moreover, as described in greater detail elsewhere in this document, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) in order for CBOT Holdings to vote in favor of an amendment to remove or reduce this restriction on transfer.

The Class B memberships in the CBOT subsidiary generally will be subject to a complete restriction on transfer. Notwithstanding this restriction on transfer, the holders of Class B memberships in the CBOT subsidiary may transfer Class B memberships if such Class B memberships are transferred together with all, but not less than all, of the shares of common stock of CBOT Holdings associated with the Class B memberships. This restriction on transfer will not apply in a transaction (involving a specific member) that is specifically approved by the board of directors of the CBOT subsidiary or a committee thereof. In addition, the restriction may be removed or reduced if the board of directors of the CBOT subsidiary and CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, approve an amendment to the relevant provision of the certificate of incorporation of the CBOT subsidiary. However, as described in greater detail elsewhere in this document, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) in order for CBOT Holdings to vote in favor of removing or reducing this restriction on transfer. Because a reciprocal restriction appears in the certificate of incorporation of CBOT Holdings, we expect that no amendment would be made unless such amendments to both certificates of incorporation would be made. In addition, the exercise of the trading rights and privileges associated with the Class B memberships will be subject to substantially the same restrictions that currently apply, including, in the case of Series B-3, Class B memberships, that such memberships may not be sold or transferred without eliminating the associated trading rights and privileges, and satisfaction of the application and approval process applicable to CBOT membership candidates. Under that process, any adult, other than an employee of the CBOT subsidiary, of good character, reputation, financial responsibility and credit will be eligible to become a holder of a Class B membership in, and exercise trading rights and privileges at the, CBOT subsidiary. Candidates will be reviewed to determine whether they meet applicable requirements in accordance with the rules and regulations of the CBOT subsidiary.

The Class C memberships in the CBOT subsidiary generally will not be subject to any transfer restrictions. However, a holder of a Class C membership seeking to become a member of the Chicago Board Options Exchange must hold 25,000 shares of common stock of CBOT Holdings and one Series B-1, Class B membership in the CBOT subsidiary, along with such Class C membership, in each case subject to certain adjustments, in order to be eligible to become a member of the CBOE without having to purchase a membership on such exchange. Accordingly, if you are a Full Member of the CBOT, you should give careful consideration to this requirement before either transferring some or all of your common stock of CBOT Holdings without all of your other shares of common stock of CBOT Holdings and your Series B-1, Class B membership and Class C membership in the CBOT subsidiary or transferring your Series B-1, Class B membership or Class C membership in the CBOT subsidiary without all of your shares of common stock of CBOT Holdings.

Limited partnership interests in Ceres are currently subject to certain transfer restrictions which result in the Ceres limited partnership interests being “stapled” to the CBOT memberships. As a result of the above-described transfer restrictions applicable to the common stock of CBOT Holdings and the memberships in the CBOT subsidiary, and substantially similar transfer restrictions that will be applicable to the existing limited partnership

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interests in Ceres, all of these interests will be “stapled” together after the completion of the restructuring transactions. This means that, unless and until these transfer restrictions are eliminated or modified, these interests can only be transferred together.

### **Voting Rights**

Under the CBOT’s current certificate of incorporation and bylaws, Full Members and Associate Members have the right to vote on all matters submitted to a vote of the general membership. Each Full Member is entitled to one vote per Full Membership and each Associate Member is entitled to one-sixth of one vote per Associate Membership on all such matters. GIMs, IDEMs and COMs have no right to vote under the current certificate of incorporation and bylaws.

The holders of common stock of CBOT Holdings will have the right to vote on all matters upon which the stockholders of CBOT Holdings will be entitled to vote generally, including, among other things, the election of directors to the board of directors of CBOT Holdings. In addition, the holders of common stock of CBOT Holdings will have the right to vote on any proposal for a transaction (or series of related transactions) either involving the sale of a significant amount of CBOT Holdings’s assets to a third party or in which CBOT Holdings proposes to acquire, invest in or enter into a business in competition with the then existing business of CBOT subsidiary. For purposes of this provision, a significant amount of CBOT Holding’s assets means 10% of the fair market value of the assets, both tangible and intangible, of CBOT Holdings as of the time of the board approval of the proposed sale, as determined by the board of directors of CBOT Holdings in its sole and absolute discretion. The board of directors will determine, in its sole and absolute discretion, whether any business is in competition with the then existing business of the CBOT subsidiary (which will also include any businesses proposed as of such time). As a result, to the extent that they hold shares of common stock of CBOT Holdings, GIMs, IDEMs and COMs will have the right to vote on all such matters. In addition, the allocation of shares of common stock of CBOT Holdings among members in connection with the completion of the restructuring transactions will result in a dilution of the Full Members’ voting rights relative to the voting rights of Associate Members, GIMs, IDEMs and COMs.

The board of directors of the CBOT subsidiary will have the authority to adopt and recommend for membership approval amendments to the certificate of incorporation of the CBOT subsidiary. An amendment to the certificate of incorporation of the CBOT subsidiary will require approval by the board of directors of the CBOT subsidiary and, except as provided below, CBOT Holdings, the holder of the sole Class A membership in the CBOT subsidiary.

Further, it will require the consent of the common stockholders of CBOT Holdings for CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, to vote in favor of any of the following proposals:

- any merger of the CBOT subsidiary with a third party;
- any transaction (or series of related transactions) involving the sale of a significant amount of the CBOT subsidiary’s assets to a third party;
- any transaction (or series of related transactions) in which the CBOT subsidiary proposes to acquire, invest in or enter into a business in competition with the CBOT subsidiary’s then existing business;
- any removal or reduction of the transfer restrictions applicable to the Class A membership or the Class B memberships in the CBOT subsidiary; or
- any dissolution or liquidation of the CBOT subsidiary.

For purposes of this provision, a significant amount of the CBOT subsidiary’s assets means 10% of the fair market value of the assets, both tangible and intangible, of the CBOT subsidiary as of the time of the board approval of the proposed sale, as determined by the board of directors of the CBOT subsidiary in its sole and absolute discretion. The board of directors of the CBOT subsidiary will determine, in its sole and absolute discretion,

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whether any business is in competition with the then existing business of the CBOT subsidiary (which will also include any businesses proposed as of such time). As a result, to the extent that they hold shares of common stock of CBOT Holdings, GIMs, IDEMs and COMs will have the right to vote on all such matters. In addition, the allocation of shares of common stock of CBOT Holdings among members in connection with the completion of the restructuring transactions will result in a dilution of the Full Members' voting rights relative to the voting rights of Associate Members, GIMs, IDEMs and COMs.

The holders of the Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary will have the exclusive right among members to vote on any proposed amendment to the certificate of incorporation or bylaws of the CBOT subsidiary that would adversely affect the following core rights:

- the allocation of products that a holder of a specific series of Class B membership is permitted to trade on the exchange facilities of the CBOT subsidiary, e.g., the elimination of any product from a holder's trading rights and privileges;
- the requirement that, subject to certain limited exceptions agreed to by the CBOT and CBOE, the holders of Class B memberships in the CBOT subsidiary will be charged transaction fees for trades of the CBOT subsidiary's products for their accounts that are lower than the transaction fees charged to any participant who is not a holder of a Class B membership for the same products;
- the number of authorized classes or series of memberships, or number of memberships, in the CBOT subsidiary (it being understood that any change to the number of classes or series of memberships, or the number of memberships, shall be deemed to adversely affect such right);
- the membership and eligibility requirements to become a holder of a Class B membership in the CBOT subsidiary or to exercise the associated trading rights or privileges; and
- the commitment to maintain current open outcry markets so long as each such market is deemed liquid unless the discontinuance of any such market is approved by the holders of the Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary.

CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, will have the exclusive right to vote on any amendment to or elimination of the transfer restrictions set forth in the certificate of incorporation of the CBOT subsidiary applicable to the Class A membership and Class B memberships. However, as described in greater detail elsewhere in this document, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) in order for CBOT Holdings to vote in favor of removing or reducing this restriction on transfer.

The holders of Series B-1 and Series B-2 memberships in the CBOT subsidiary will also have the exclusive right among members to initiate, without the approval of the board of directors of the CBOT subsidiary, proposals to adopt, repeal or amend the bylaws of the CBOT subsidiary. They can also make non-binding recommendations that the board of directors of the CBOT subsidiary consider proposals that, as a matter of Delaware law, require the approval of the board of directors of the CBOT subsidiary. Member proposals may be initiated at an annual meeting of the members of the CBOT subsidiary or, after satisfying certain advance notice requirements, special meetings of the members of the CBOT subsidiary and, subject to applicable law, will require the approval of a majority of votes cast at such special or annual meeting.

The holders of the Series B-1, Class B memberships in the CBOT subsidiary will have one vote per membership and the holders of the Series B-2, Class B memberships in the CBOT subsidiary will have one-sixth of one vote per membership in any vote with respect to a proposed amendment to the certificate of incorporation or bylaws of the CBOT subsidiary that would adversely affect any of the above-described core rights and on any proposal initiated by the holders of the Series B-1 and/or Series B-2, Class B memberships in the CBOT subsidiary. The holders of Series B-3, Series B-4 and Series B-5, Class B memberships and Class C memberships in the CBOT subsidiary will not have the right to vote on any matters or to initiate any proposal. Subject to applicable law, the affirmative vote of the majority of the votes cast at any annual or special meeting called for such purpose shall be sufficient to constitute approval of all matters upon which Series B-1 and Series B-2, Class B memberships are entitled to vote.

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The chairman of the board or the board of directors will be required to call a special meeting of the members of the CBOT subsidiary upon the written request of at least 10% of the voting power of the holders of the Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary. The bylaws of the CBOT subsidiary will provide that the holder of the sole Class A membership must be present in person or by proxy to constitute a quorum on matters upon which the Class A membership is entitled to vote and the certificate of incorporation will provide that one-third of the voting power of the Class B memberships entitled to vote must be present in person or by proxy in order to constitute a quorum on matters upon which the holders of Series B-1 and Series B-2, Class B memberships are entitled to vote. Based on the respective voting power of these two series of Class B memberships, any such amendment or proposal could be approved by the holders of Series B-1, Class B memberships even though the holders of Series B-2, Class B memberships voted against the amendment. This result is consistent with the result that would be obtained under the CBOT's existing certificate of incorporation, bylaws and rules and regulations with respect to matters voted on by Full Members and Associate Members as a single class.

As a result of the modifications to the voting rights of CBOT members, the influence of Full and Associate members will be somewhat reduced.

### **Liquidation Rights**

The CBOT's current rules and regulations provide that, in the event of a full liquidation of the CBOT, the members would share in the proceeds from dissolution in an approximate ratio of 6.00 : 1.00 : 0.67 : 0.03 : 0.03 for each Full Membership, Associate Membership, GIM, IDEM and COM, respectively.

In the event of a full liquidation of CBOT Holdings, liquidating distributions will be made to common stockholders pro rata based on the number of shares of common stock they hold. In the event of the full liquidation of the CBOT subsidiary, the holder of the sole Class A membership, which will be CBOT Holdings, will be entitled to all liquidating distributions. The holders of Class B and Class C memberships in the CBOT subsidiary will not be entitled to any distributions upon the liquidation of the CBOT subsidiary. As a result of the allocation of shares of common stock of CBOT Holdings and the creation of the holding company structure in connection with the restructuring transactions, Full Members and GIMs will experience a modest decline in their liquidation rights relative to the liquidation rights of Associate Members, IDEMs and COMs.

### **Proceeds of Membership**

Under our current rules and regulations, proceeds from the transfer of a membership are subject to certain prior claims of other members against the seller of that membership. As a result of the restructuring transactions, our members will receive a combination of interests consisting of both common stock of CBOT Holdings and memberships in the CBOT subsidiary. As described in greater detail elsewhere in this document, the CBOT Holdings common stock and the Class B memberships in the CBOT subsidiary will be linked together for an indefinite period of time. Due to this linkage, we believe that there is significant uncertainty concerning the application of this rule after the completion of the restructuring transactions. Absent special circumstances, proceeds from the transfer of shares of common stock of CBOT Holdings will not be subject to the prior claims of the holders of Class B memberships in the CBOT subsidiary unless and to the extent that such holders have otherwise perfected a security interest in the transferred shares of common stock of CBOT Holdings, such as receiving a pledge of such shares. The rules and regulations of the CBOT subsidiary will provide that the proceeds of any transfer of Class B memberships in the CBOT subsidiary will be subject to the priority of payments provision that is currently applicable to the transfer of CBOT memberships. However, we are not aware of any court that has considered the applicability of such a provision in the context of linked common stock and memberships. Accordingly, while we currently intend to retain this provision in the rules and regulations of the CBOT subsidiary, there is uncertainty as to whether, how and to what extent the priority of payments provision would be enforced in accordance with its terms.

We currently believe that, following the completion of the restructuring transactions, the claims of the holders of Class B and Class C memberships in the CBOT subsidiary should continue to have an automatic

priority over the claims of non-members against the proceeds of the sale of Class B and Class C memberships in substantially the same manner as the priority associated with current CBOT memberships. However, the restructuring transactions involve significant changes to our organizational structure and, as a result, we cannot provide any assurances in this regard. In particular, we are not aware of any court that has considered the enforceability of such a provision in the context of memberships issued by a demutualized exchange. The rules and regulations of the CBOT subsidiary will provide that the proceeds of any transfer of Class B and Class C memberships in the CBOT subsidiary will be subject to the priority of payments provision that is currently applicable to the transfer of CBOT memberships.

#### **Amendment of Certificate of Incorporation**

Under our current certificate of incorporation, amendments to the certificate of incorporation must be adopted by the board of directors in accordance with Delaware law and then submitted to a vote of the membership. Proposals to amend the certificate of incorporation will be adopted if at least 300 votes have been cast at a special meeting of the membership and a majority of the votes cast were in favor of the proposal.

Under the certificate of incorporation of CBOT Holdings, amendments must also be adopted by the board of directors and then submitted to a vote of the stockholders. However, proposals to amend the certificate of incorporation will be adopted only if at least a majority of the voting power of all of the then-outstanding shares of stock of CBOT Holdings entitled to vote generally in the election of directors, voting together as a single class, are voted in favor of the proposal. As a result, it will be more difficult to amend the certificate of incorporation of CBOT Holdings.

In addition, the certificate of incorporation of the CBOT subsidiary will provide that amendments must be approved by the board of directors of the CBOT subsidiary and submitted to a vote of the membership. An amendment to the certificate of incorporation of the CBOT subsidiary will require approval by the board of directors of the CBOT subsidiary and, except as provided below, CBOT Holdings, the holder of the sole Class A membership in the CBOT subsidiary.

The holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary will have the exclusive right among members to vote on any amendment to the certificate of incorporation or bylaws of the CBOT subsidiary that would adversely affect the following core rights:

- Y the allocation of products that a holder of a specific series of Class B membership is permitted to trade on the exchange facilities of the CBOT subsidiary, e.g., the elimination of any product from a holder's trading rights and privileges;
- Y the requirement that, subject to certain limited exceptions agreed to by the CBOT and CBOE, the holders of Class B memberships in the CBOT subsidiary will be charged transaction fees for trades of the CBOT subsidiary's products for their accounts that are lower than the transaction fees charged to any participant who is not a Class B member for the same products;
- Y the authorized number of classes or series of memberships, or number of memberships, in the CBOT subsidiary (it being understood that any change to the number of classes or series of memberships, or the number of memberships, shall be deemed to adversely affect such right);
- Y the membership and eligibility requirements to become a holder of a Class B membership in the CBOT subsidiary or to exercise the associated trading rights or privileges; and
- Y the commitment to maintain current open outcry markets so long as each such market is deemed liquid unless the discontinuance of any such market is approved by the holders of the Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary.

CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, will have the exclusive right to vote on any amendment to or elimination of the transfer restrictions set forth in the certificate

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of incorporation of the CBOT subsidiary applicable to the Class A membership and Class B memberships. However, as described in greater detail elsewhere in this document, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) in order for CBOT Holdings to vote in favor of an amendment to remove or reduce this restriction on transfer.

### **Amendment of Bylaws and Rules and Regulations; Modification of the Petition Process**

Currently, our certificate of incorporation provides that the bylaws, which include the rules, may only be adopted, amended or repealed with the approval of the membership. Proposed amendments to the bylaws may be independently recommended by the board of directors for submission to a vote at a special meeting of the membership. In addition, 25 or more voting members have the right to petition for the board of directors' approval to call a special meeting of the membership for the purpose of voting on amendments to the bylaws. If the board of directors does not approve the initial petition, 100 or more voting members have the right to petition for such special meeting and such special meeting will then be called by the board of directors or the chairman of the board in accordance with the procedures set forth in the certificate of incorporation and bylaws. See "—Special Meetings." However, in the event that the proposal to be voted upon has previously been rejected within the prior twelve months, 100 or more voting members will be required to re-petition the board to call another meeting, and 250 or more voting members will be required to petition for such special meeting to be called by the board of directors or the chairman of the board in accordance with the procedures set forth in the certificate of incorporation and bylaws. Proposals to amend the bylaws, including the rules, will be adopted if at least 300 votes have been cast at a special meeting and a majority of the votes cast were in favor of the proposal. This process, together with certain other provisions of the bylaws, rules and regulations, effectively vests in the voting membership the authority to adopt, amend and repeal bylaws, including the rules, which, together with our certificate of incorporation and the regulations, generally govern the rights and obligations of the members of the CBOT.

Upon the completion of the restructuring transactions, the boards of directors of CBOT Holdings and the CBOT subsidiary will each generally have the authority to adopt, repeal and amend the bylaws, without approval by the holders of its common stock or members, as the case may be. In addition, the requirement that members approve all changes to the bylaws, which will include the rules and regulations, will be substantially eliminated. However, subject to limitations under applicable law, the stockholders of CBOT Holdings and the holders of Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary each will also have the ability to adopt, repeal or amend the bylaws of CBOT Holdings or the CBOT subsidiary, respectively, at any annual or special meeting of the stockholders of CBOT Holdings or members of the CBOT subsidiary, respectively. For each organization, the chairman of the board or the board of directors will be required to call a special meeting of the stockholders or members, as applicable, upon the written request of at least 10% of the voting power of the stockholders of CBOT Holdings or the members of the CBOT subsidiary, respectively. The ability of the holders of common stock of CBOT Holdings and the holders of Class B and Class C memberships in the CBOT subsidiary to participate in the day-to-day management and operation of our business will be somewhat reduced.

The board of directors of CBOT Holdings will have the authority to adopt, amend or repeal the bylaws of CBOT Holdings without the approval of the stockholders. The holders of the common stock of CBOT Holdings will also be entitled to initiate proposals to amend the bylaws of CBOT Holdings and non-binding recommendations, such as recommendations that the board consider proposals, including proposals to amend the certificate of incorporation of CBOT Holdings. Any proposal brought by stockholders of CBOT Holdings may be brought at a vote at a special meeting or at an annual meeting in accordance with the bylaws of CBOT Holdings described below and subject to applicable law, will require the approval of a majority of the votes cast at such annual or special meeting, provided certain quorum requirements are met. The certificate of incorporation of CBOT Holdings will provide that at least one third of the total voting power of the stockholders of CBOT Holdings entitled to vote generally in the election of directors must be present in person or by proxy in order to constitute a quorum. The certificate of incorporation and bylaws of CBOT Holdings will provide that the

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chairman and the board of directors will have the right to call such special meetings. In addition, the chairman of the board or the board of directors will be required to call a special meeting of the stockholders of CBOT Holdings upon the written request of at least 10% of the voting power of the stockholders of CBOT Holdings.

The bylaws of CBOT Holdings will contain provisions requiring that advance notice be delivered to CBOT Holdings of any business to be brought by a stockholder before an annual or special meeting of stockholders and providing for certain procedures to be followed by stockholders in nominating persons for election to CBOT Holdings' board of directors. Generally, such advance notice provisions will require that for an annual meeting a stockholder must give written notice to the secretary of CBOT Holdings not less than 20, nor more than 60, days prior to the first anniversary of the date on which CBOT Holdings first mailed its proxy materials for the preceding year's annual meeting of stockholders. In each case, the notice must set forth specific information regarding such stockholder and each director nominee or other business proposed by such stockholder, as applicable, as provided in CBOT Holdings' bylaws.

The board of directors of the CBOT subsidiary will have the authority to adopt, amend or repeal the bylaws of the CBOT subsidiary without the approval of members, except to the extent such an amendment adversely affects a core right, in which case such amendment will require the approval of the Series B-1 and Series B-2, Class B members of the CBOT subsidiary. In addition, the holders of Series B-1 and Series B-2 memberships in the CBOT subsidiary will also have the exclusive right among members to initiate, without the approval of the board of directors of the CBOT subsidiary, proposals to adopt, repeal or amend the bylaws of the CBOT subsidiaries. They can also make non-binding recommendations that the board of directors of the CBOT subsidiary consider proposals that, as a matter of Delaware law, require the approval of the board of directors of the CBOT subsidiary. Member proposals may be initiated at an annual meeting of the members of the CBOT subsidiary or, after satisfying certain advance notice requirements, at a special meeting of the members of the CBOT subsidiary and, subject to applicable law, will require the approval of a majority of votes cast at such special or annual meeting.

The holders of Series B-1, Class B memberships in the CBOT subsidiary will have one vote per membership and the holders of Series B-2, Class B memberships in the CBOT subsidiary will have one-sixth of one vote per membership in any vote with respect to a proposed amendment to the certificate of incorporation or bylaws of the CBOT subsidiary that would adversely affect any of the above-described core rights and on any proposal initiated by the holders of Series B-1 and/or Series B-2, Class B memberships in the CBOT subsidiary. The holders of Series B-3, Series B-4 and Series B-5, Class B memberships and Class C memberships in the CBOT subsidiary will not have the right to vote on any matters or to initiate any proposal. Subject to applicable law, the affirmative vote of the majority of the votes cast at any annual or special meeting called for such purpose shall be sufficient to constitute approval of all matters upon which Series B-1 and Series B-2, Class B members are entitled to vote.

The chairman of the board or the board of directors will be required to call a special meeting of the members of the CBOT subsidiary upon the written request of at least 10% of the voting power of the Series B-1 and Series B-2, Class B memberships in the CBOT subsidiary. The certificate of incorporation of the CBOT subsidiary will provide that one-third of the voting power of the Class B memberships entitled to vote must be present in person or by proxy in order to constitute a quorum.

Under our current certificate of incorporation and bylaws, the rules are deemed to be part of the bylaws and are therefore subject to the petition process described above. Under the CBOT subsidiary's certificate of incorporation and bylaws, the rules and regulations will be incorporated into the bylaws and the board of directors of the CBOT subsidiary, subject to the rights of the holders of Series B-1 and Series B-2, Class B memberships with respect to the core rights, and the Series B-1 and Series B-2, Class B members of the CBOT subsidiary, will have authority to adopt, amend or repeal the bylaws of the CBOT subsidiary.

### **Election of Directors**

Currently, our certificate of incorporation provides that the nominating committee will nominate candidates to stand for election to the board of directors. In addition, members have the right to petition, which petition must be signed by at least 40 members, to nominate other candidates to stand for election to the board of directors.



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Under the certificate of incorporation and bylaws of CBOT Holdings, nominations for directors will be made by the board of directors (who will receive recommendation from a nominating committee of stockholders) and may also be made by stockholders satisfying the advance notice requirements described above at “Description of Capital Stock and Memberships—Other Provisions—Advance Notice Procedures.”

The nomination committee will be composed of five stockholders, four of whom will be persons who also hold Series B-1, Class B memberships in the CBOT subsidiary and the fifth of whom will be a person who also holds a Series B-2, Class B membership in the CBOT subsidiary. The members of the nominating committee of the CBOT immediately prior to the completion of the restructuring transactions will continue as members of the nominating committee of CBOT Holdings immediately following the completion of the restructuring transactions. The continuing members of the nominating committee will serve for the duration of their current terms. Although the nominating committee will recommend nominees to the board of directors of CBOT Holdings, the board of directors of CBOT Holdings determine the nominees to serve as directors. The certificate of incorporation of CBOT Holdings will also grant the stockholders the right to elect the nominating committee of CBOT Holdings, which will recommend to the board of directors of CBOT Holdings persons to stand for election as directors of CBOT Holdings. In addition to nominations made by the nominating committee, stockholders of CBOT Holdings will also be entitled to nominate persons to stand for election as directors of CBOT Holdings if the nominee is qualified and the stockholder satisfies certain advance notice requirements. If the stockholder satisfies each of these conditions and delivers a petition executed by at least 40 persons who are both stockholders and holders of Series B-1, Class B memberships in the CBOT subsidiary, CBOT Holdings and/or the CBOT subsidiary will, to the extent either prepares and delivers a proxy statement and form of proxy to its stockholders or members at its own expense, include the name of such nominee and all other information related to such nominee that is provided with respect to the board of directors’ nominees in such proxy statement and form of proxy.

The certificate of incorporation of the CBOT subsidiary will provide that the holder of the sole Class A membership, which will be CBOT Holdings, will be entitled to elect directors to serve on the board of directors of the CBOT subsidiary. However, it will be a qualification that each director of the CBOT subsidiary serve on the board of directors of CBOT Holdings, which will generally result in CBOT Holdings and the CBOT subsidiary having boards of directors that are identical in size and composition.

### **Special Meetings**

Currently, our certificate of incorporation and bylaws provides that 25 or more voting members have the right to petition for the board of directors’ approval to call a special meeting of the membership for the purpose of voting on amendments to the bylaws. If the board of directors does not approve the initial petition, 100 or more voting members have the right to petition for such special meeting and such special meeting will then be called by the board of directors or the chairman of the board in accordance with the procedures set forth in the certificate of incorporation and bylaws. Independently, the board of directors or the chairman of the board may call for a special meeting of the membership for any purpose to be held at such place, on such date, and at such time as they or he or she fix.

Under the bylaws of CBOT Holdings and the CBOT subsidiary, special meetings of the stockholders and special meetings of the members, as applicable, may be called by the chairman of the board or by the board of directors acting pursuant to a resolution of a majority of such board of directors, in each case of CBOT Holdings or the CBOT subsidiary, as applicable. In each case, the chairman of the board or the board of directors will be required to call a special meeting upon the written request of the holders of at least 10% of all outstanding shares or memberships entitled to vote on the action proposed to be taken at such meeting.

### **Annual Meetings**

Under our current bylaws, the annual meeting of the members is required to be held on the first Thursday after the third Tuesday in February at 2:30 p.m. As a matter of practice, member matters are generally not submitted to a vote at such meetings.

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Under the bylaws of CBOT Holdings and the CBOT subsidiary, and to the fullest extent required by applicable law, an annual meeting will be required to be held for the purpose of electing directors and transacting such other business as may be properly called come before the meeting at such place, on such date, and at such time as the board of directors shall each year fix, provided that, in the case of CBOT Holdings, the date of the annual meeting shall be within 13 months of the last annual meeting of stockholders as required by applicable law.

### **Assessments and Dues**

The board of directors of the CBOT currently possesses the authority to levy assessments upon the CBOT membership as it may deem necessary or advisable to meet certain anticipated operating deficits. The board of directors of the CBOT subsidiary will continue to possess the authority to levy assessments upon the CBOT subsidiary membership on substantially the same terms as the board of directors of CBOT, subject to applicable law. The common stock of CBOT Holdings will be issued as fully-paid and non-assessable. As such, CBOT Holdings will have no authority to assess its stockholders.

### **Conversion Rights**

Our current certificate of incorporation and bylaws provide that GIM Memberships are converted into one-half Associate Memberships upon the sale of such memberships and permits the conversion of two one-half Associate Memberships into one Associate Membership.

Following the completion of the restructuring transactions, two Series B-3, Class B memberships in the CBOT subsidiary will be convertible at the option of the holder, at any time, into a Series B-2, Class B membership. This convertibility feature is designed to facilitate our current plan to phase out GIM Memberships and, after the completion of the restructuring transactions, Series B-3, Class B memberships in the CBOT subsidiary.

### **Repeal of Certain Rules and Regulations**

In order to implement certain changes to the corporate governance structure of the CBOT subsidiary in connection with the restructuring transactions, certain rules and regulations will be repealed or eliminated in their entirety. A summary of certain of those rules and regulations that will be repealed or eliminated in their entirety in connection with the restructuring transactions is set forth in Appendix J to this document, which is entitled "Status of Certain Current CBOT Rules and Regulations as a Result of the Restructuring Transactions." **We urge you to review this summary carefully before voting on the propositions relating to the restructuring transactions.** Of course, other changes to the rules and regulations not related to the restructuring transactions may be implemented from time to time after the date of this document in accordance with the provisions of our certificate of incorporation, bylaws and rules and regulations.

### **Board of Directors**

The directors serving on the board of directors of the CBOT immediately prior to the completion of the restructuring transactions will continue as members of the boards of directors of both CBOT Holdings and the CBOT subsidiary immediately following the completion of the restructuring transactions. The continuing directors will serve for the duration of their current terms with the exception of the current public directors, whose terms will end in connection with the first annual election following the completion of the restructuring. It is currently expected that this annual election will occur in the first or second quarter of 2004.

The size of the board of directors of CBOT Holdings will be reduced from 18 directors to 16 directors in connection with the first annual meeting of stockholders following the completion of the restructuring transactions. The board of directors of CBOT Holdings will then consist of:

- the chairman of the board, who will be a holder of a Series B-1, Class B membership in the CBOT subsidiary;

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- vice-chairman of the board, who will be a holder of a Series B-1, Class B membership in the CBOT subsidiary;
- eight directors, who will be holders of Series B-1, Class B memberships in the CBOT subsidiary;
- two directors, who will be holders of Series B-2, Class B memberships in the CBOT subsidiary;
- three directors, who will be “independent” within the meaning of the certificate of incorporation and bylaws of CBOT Holdings; and
- the president and chief executive officer of CBOT Holdings, who will be a non-voting director.

Except as described below, each director of CBOT Holdings will be elected to serve as a director until the second annual meeting of each such corporation following their election and will not be subject to term limits.

The elected directors of CBOT Holdings will be classified into two classes of directors consisting of eight directors and seven directors, respectively. The first class of directors will consist of:

- the chairman of the board;
- four directors, who will be holders of Series B-1, Class B memberships in the CBOT subsidiary;
- one director, who will be a holder of a Series B-2, Class B membership the CBOT subsidiary; and
- two independent directors.

The second class of directors will consist of:

- the vice-chairman of the board;
- four directors, who will be holders of Series B-1, Class B memberships in the CBOT subsidiary;
- one director, who will be a holder of a Series B-2, Class B membership in the CBOT subsidiary; and
- one independent director.

The president and chief executive officer will, upon appointment to such position, automatically become a non-voting director.

At the first annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions, the stockholders will elect six directors, consisting of three of the directors from the second class of directors and the three directors from the first class of directors. The directors of the second class will be elected to serve until the third annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions, and the directors of the first class will be elected to serve until the second annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions. Thereafter, each class of directors will be elected at every other annual meeting, beginning with the first class at the second annual meeting of the stockholders of CBOT Holdings following the completion of the restructuring transactions. For a more detailed description of the directors and the terms that such directors are expected to be elected to at each of the first, second and third annual elections following the completion of the restructuring transactions, see “Description of Restructuring Transactions—Modernization of Our Corporate Governance Structure—Board of Directors.”

In connection with the election of directors to the new sixteen-member board of directors of CBOT Holdings, we currently anticipate that CBOT Holdings, as the holder of the sole Class A membership in the CBOT subsidiary, which is the only membership entitled to vote in the election of directors, will elect the same persons as members of the board of directors of the CBOT subsidiary. In order to ensure that the board of directors of the CBOT subsidiary is generally identical in size and composition to the board of directors of CBOT Holdings, it will be a qualification for service as a director of the CBOT subsidiary that such director also serve at the same time on the board of directors of CBOT Holdings.

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The common stockholders of CBOT Holdings will have the right to elect the nominating committee of CBOT Holdings, which will recommend to the board of directors of CBOT Holdings nominations of persons to stand for election as directors of CBOT Holdings. The nominating committee will be composed of five stockholders, four of whom will be persons who also hold Series B-1, Class B memberships in the CBOT subsidiary and the fifth of whom will be a person who also holds a Series B-2, Class B membership in the CBOT subsidiary. The members of the nominating committee of the CBOT immediately prior to the completion of the restructuring transactions will continue as members of the nominating committee of CBOT Holdings immediately following the completion of the restructuring transactions. The continuing members of the nominating committee will serve for the duration of their current terms. Although the nominating committee will recommend nominees to the board of directors of CBOT Holdings, the board of directors of CBOT Holdings will exercise its own judgment in approving nominees to serve as directors.

### **Change of Control Provisions**

Currently, our certificate of incorporation, bylaws, rules and regulations do not contain robust change of control provisions. However, the CBOT membership application process may serve as a deterrent to persons considering unsolicited tender offers or other unilateral takeover proposals.

CBOT Holdings will establish a number of change of control provisions that may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with the board of directors of CBOT Holdings rather than pursue non-negotiated takeover attempts. These provisions will include, among other things:

- a classified board of directors with staggered terms of office;
- advance notice requirements in connection with stockholder meetings;
- a prohibition on the ability of stockholders to take action by written consent; and
- the application of the provisions of the Delaware anti-takeover statute.

For more information about these provisions, see “Description of Capital Stock and Memberships—Other Provisions.”

In addition, we currently anticipate that, in the event that CBOT Holdings were to conduct an underwritten public offering of its common stock in the future, the board of directors would be asked to consider, and may adopt, a stockholder rights plan. We have no current plan or intention to conduct any such offering.

These provisions could have the following effects, among others:

- delaying, deferring or preventing a change of control;
- delaying, deferring or preventing the removal of existing management;
- deterring potential acquirors from making an offer to CBOT’s Holdings’ stockholders; and
- limiting any opportunity of CBOT Holdings’ stockholders to realize premiums over prevailing market or other prices of CBOT Holdings’ common stock in connection with offers by potential acquirors.

This could be the case notwithstanding that a majority of CBOT Holdings’ stockholders might benefit from such a change in control or offer.

### **Appraisal Rights**

Under Delaware law and subject to certain exceptions, stockholders of CBOT Holdings will have appraisal rights in connection with a merger or consolidation of CBOT Holdings with another entity. Appraisal rights

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allow a stockholder to dissent from the merger or consolidation and receive the fair value of the stockholder's shares in cash. Appraisal rights will also generally be available to the members of the CBOT subsidiary, as they are presently available to CBOT members, in connection with a merger or consolidation of the CBOT subsidiary with another entity, subject to certain exceptions. Under Delaware law, however, appraisal rights are not available in connection with a merger or consolidation of two nonstock corporations and, accordingly, appraisal rights are not available to any CBOT members in connection with the restructuring transactions.

## SHARES AND MEMBERSHIPS ELIGIBLE FOR FUTURE SALE

The 39,802,650 shares of common stock of CBOT Holdings to be distributed in connection with the restructuring transactions will generally be subject to a complete restriction on transfer. Notwithstanding this restriction on transfer, stockholders may transfer all, but not less than all, of the shares of common stock of CBOT Holdings associated with a Class B membership in the CBOT subsidiary if all such shares of common stock are transferred together with the associated Class B membership.

The Class B memberships in the CBOT subsidiary generally will be subject to a complete restriction on transfer. Notwithstanding this restriction on transfer, the holders of Class B memberships in the CBOT subsidiary may transfer Class B memberships if such Class B memberships are transferred together with all, but not less than all, of the shares of common stock of CBOT Holdings associated with the Class B memberships.

The foregoing restrictions on the transfer of common stock of CBOT Holdings and of Class B memberships in the CBOT subsidiary, respectively, will not apply in a transaction (involving a specific stockholder or member, as applicable) that is specifically approved by the board of directors of CBOT Holdings or the board of directors of the CBOT subsidiary, respectively (or, in each case, a committee of such board). However, we do not have any current plan or intention to approve any specific transaction for the foreseeable future. In addition, the restriction on the transfer of common stock of CBOT Holdings may be removed or reduced if the board of directors and stockholders of CBOT Holdings approve an amendment to the relevant provision in the certificate of incorporation of CBOT Holdings, and the restriction on the transfer of Class B memberships in the CBOT subsidiary may be removed or reduced if the board of directors of the CBOT subsidiary and CBOT Holdings, as holder of the sole Class A membership in the CBOT subsidiary, approve an amendment to the relevant provision in the certificate of incorporation of the CBOT subsidiary. However, as described in greater detail elsewhere in this document, it will require the consent of the common stockholders of CBOT Holdings (who will for the foreseeable future consist only of persons who are also members of the CBOT subsidiary) in order for CBOT Holdings to vote in favor of an amendment to remove or reduce this restriction on transfer. Because the restrictions are in effect reciprocal and are imposed in the certificate of incorporation of both entities, we expect that no such amendment to either certificate of incorporation would be made unless amendments to both certificates of incorporation would be made.

In addition, the exercise of the trading rights and privileges associated with the Class B memberships will be subject to substantially the same restrictions that currently apply, including, in the case of Series B-3, Class B memberships, that such memberships may not be sold or transferred without eliminating the associated trading rights and privileges, and satisfaction of the application and approval process applicable to CBOT membership candidates. Under that process, any adult, other than an employee of the CBOT subsidiary, of good character, reputation, financial responsibility and credit will be eligible to become a holder of a Class B membership in, and exercise trading rights and privileges at the, CBOT subsidiary. Candidates will be reviewed to determine whether they meet applicable requirements in accordance with the rules and regulations of the CBOT subsidiary.

In addition, a holder of a Class C membership in the CBOT subsidiary seeking to become a member of the CBOE must hold 25,000 shares of common stock of CBOT Holdings and one Series B-1, Class B membership in the CBOT subsidiary, along with such Class C membership, in each case subject to certain adjustments, in order to be eligible to become a member of the CBOE without having to purchase a membership on such exchange. Accordingly, if you are a Full Member of the CBOT, you should give careful consideration to this requirement before either transferring your common stock of CBOT Holdings and your Series B-1, Class B membership without your Class C membership in the CBOT subsidiary or transferring your Class C membership in the CBOT subsidiary without your common stock of CBOT Holdings and Series B-1, Class B membership in the CBOT subsidiary.

Securities received in connection with the restructuring transactions by “affiliates” may be resold only pursuant to further registration under the Securities Act or in transactions that are exempt from registration under the Securities Act.

Sales of substantial amounts of common stock of CBOT Holdings in the open market, or the availability of such shares for sale, could adversely affect the price of our common stock and/or our other capital stock.

**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES  
OF THE RESTRUCTURING TRANSACTIONS**

The following general discussion constitutes the opinion of Kirkland & Ellis, tax counsel to CBOT Holdings and the CBOT, as to the material U.S. federal income tax consequences of the completion of the restructuring transactions, subject to the qualifications described below. This opinion is based upon the Internal Revenue Code of 1986, as amended, the United States Treasury Department regulations promulgated thereunder, judicial authority and current administrative rulings and practice now in effect, all of which are subject to change at any time, including with possible retroactive effect, or different interpretations. This opinion is also based on a private letter ruling received from the IRS on September 30, 2002, regarding the consequences discussed herein. This opinion does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular CBOT member in light of such member's particular circumstances or to CBOT members subject to special treatment under the U.S. federal income tax laws, and this opinion does not discuss any aspects of state, local or foreign tax laws.

In the private letter ruling issued to the CBOT as well as rulings issued to other exchanges involved in the process of demutualization, the Internal Revenue Service has adopted the position that:

- the equity component of a membership or stock is to be treated as separate property from the trading rights and other non-equity rights associated with that membership or stock so that the demutualization will be treated, in effect, as two exchanges, an exchange of the equity components and an exchange of the trading rights and other non-equity rights; and
- the taxability of each exchange must be tested under the relevant provisions of the Code applicable to the particular property rights.

Thus, we understand that, under this IRS position, the exchange of the equity components will be tested for tax-free status under the corporate reorganization or corporate formation provisions, as applicable, and the exchange of the trading rights and other non-equity rights will be treated as taxable or not based on whether there is any significant modification in the legal rights associated with those rights under Code Section 1001, which provides for recognition of gain or loss on the sale or exchange of property. In its private letter ruling issued to the CBOT, the IRS ruled that (1) the exchange of equity components will be tax-free under the corporate formation provisions and (2) the exchange of the trading rights and other non-equity rights will not be taxable because there will not be a significant modification in the legal rights associated with these rights. As discussed below, the CBOT has requested a supplemental ruling that certain changes to the post-restructuring governance structure of CBOT Holdings and the CBOT subsidiary adopted after the initial ruling request was filed will not affect the September 30, 2002, ruling regarding the tax-free exchange of trading rights and other non-equity rights.

Based upon the foregoing, it is the opinion of Kirkland & Ellis that:

- No gain or loss will be recognized by a CBOT member with respect to the receipt of common stock of CBOT Holdings or the Class B or Class C memberships of the CBOT subsidiary, including any associated right to trade on the CBOT or Chicago Board Options Exchange.
- If the foregoing exchanges do not result in the recognition of gain or loss, the aggregate basis in a member's current membership will carry over to the property received and must be allocated to the various components. If the equity rights and the trading rights and other non-equity rights are treated as separate property for tax purposes, the basis in the equity rights will be allocated among the equity rights received in proportion to their fair market values, and the basis in the existing trading rights and other non-equity rights will carry over to the basis of the trading rights and other non-equity rights received. It is not entirely clear how basis will be allocated between trading rights and other non-equity rights and equity rights because no separate market exists for those property rights. Members of the CBOT who intend to sell some but not all of their stock or memberships should consult their own tax advisors.

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- The holding period of the common stock of CBOT Holdings or the Class B or Class C memberships of the CBOT subsidiary, will include the period for which such person's current membership has been held, provided that such membership is held as a capital asset or property described in Code Section 1231 on the date of the distribution of the stock or memberships, as the case may be.
- The CBOT will not recognize any gain or loss upon its demutualization and creation of the holding company structure.

It is a condition to the CBOT's obligation to complete the restructuring transactions that it receive a private letter ruling from the IRS generally to the effect that receipt by members of Class B and Class C memberships in the CBOT subsidiary and a private letter ruling or an opinion of counsel to the effect that receipt by CBOT Holdings of a Class A membership in the CBOT subsidiary and receipt by members of common stock of CBOT Holdings, in form and substance satisfactory to our board of directors, will have the foregoing effects. On October 30, 2001, the CBOT filed a request for the ruling with the IRS, and on September 30, 2002, the CBOT received a ruling from the IRS that the restructuring transactions will have the foregoing effects. This ruling will generally be binding on the IRS. Although an IRS ruling can be revoked or modified retroactively under some extraordinary circumstances, we are not aware of any such circumstances that would cause the IRS to revoke or modify any such ruling with respect to the restructuring transactions. On October 16, 2002, the CBOT filed a request with the IRS for a supplemental ruling to the effect that certain changes to the post-restructuring governance structure of CBOT Holdings and the CBOT subsidiary adopted after the initial ruling request was filed will not affect certain of the IRS' holdings in the IRS ruling. Based on conversations with the IRS, we currently expect the IRS to issue this supplemental ruling, but this result cannot be guaranteed.

**Because of the complexity of the tax laws, and because the tax consequences of the restructuring transactions to you may be affected by matters not discussed in this section, you are urged to consult your own tax advisor with respect to your own particular circumstances and with respect to the specific tax consequences of the restructuring transactions to you, including the applicability and effect of state, local and foreign tax laws and any proposed changes in applicable tax laws.**



**SPECIAL MEETING AND PROXY INFORMATION**

**Persons Making the Solicitation**

The proxy solicitation being made pursuant to this document is being conducted on behalf of the CBOT board of directors.

**Time and Place of Special Meeting**

The special meeting will be held on \_\_\_\_\_, \_\_\_\_\_, 2003 at 2:30 p.m., central time, in the Visitor Center Theater, Fifth Floor, at our executive offices located at 141 West Jackson Boulevard, Chicago, Illinois 60604.

**Matters To Be Approved**

Full Members and Associate Members are being asked to approve each of the following four propositions relating to the restructuring transactions described more fully in this document:

- (1) The approval and adoption of the agreement and plan of merger relating to the reorganization merger, which provides for the reorganization merger and the adoption of a new amended and restated certificate of incorporation of the CBOT to take effect upon effectiveness of such merger;
- (2) The approval and adoption of the amended and restated bylaws of the CBOT, which will become the bylaws of the CBOT subsidiary, and a technical amendment to the bylaws of the CBOT clarifying the status of holders of GIM, IDEM and COM membership interests as members of the CBOT for purposes of Delaware law;
- (3) Ratification of the August 7, 2001 agreement and the related October 24, 2001 and September 13, 2002 letter agreements entered into among the CBOT, CBOT Holdings and the CBOE relating to the exercise right; and
- (4) Ratification of all other matters relating to the restructuring transactions including, among other things, the proposed changes to our corporate governance structure, as set forth in the amended and restated certificate of incorporation and bylaws for each of CBOT Holdings and the CBOT subsidiary, and certain changes to the rules and regulations of the CBOT which, collectively, will facilitate the demutualization and the modernization of certain aspects of our corporate governance structure.

As described in greater detail below, in order for the restructuring transactions to be approved by the requisite CBOT membership vote, ALL FOUR of these propositions must be approved by the Full Members and Associate Members in accordance with the current CBOT certificate of incorporation, bylaws, rules and regulations and applicable law.

**Eligibility to Vote**

Although this document will be mailed to all CBOT members, you are eligible to vote at the special meeting only if you are a Full Member or Associate Member as of the date for the special meeting of the CBOT membership at which a vote on the restructuring transactions will be taken. In accordance with our certificate of incorporation, bylaws and rules and regulations, GIMs, IDEMs and COMs are not eligible to vote on the restructuring transactions.

**Description of Propositions**

There are four separate propositions being submitted to the CBOT membership for consideration in connection with the restructuring transactions. We will describe each of these four propositions below:

***Proposition 1: Approval and Adoption of the Merger Agreement Relating to the Reorganization Merger***

This proposition is to approve and adopt the agreement and plan of merger entered into on \_\_\_\_\_, 2003, by and between the CBOT and CBOT merger sub, a transitory subsidiary of CBOT Holdings formed for

the purpose of effectuating the reorganization merger. The agreement and plan of merger provides for the reorganization merger described in greater detail elsewhere in this document and the adoption, as of the effective time of the reorganization merger, of an amended and restated certificate of incorporation of the CBOT in the form set forth as Appendix F to this document. Accordingly, approval of the agreement and plan of merger also constitutes approval of the form of amended and restated certificate of incorporation of the CBOT subsidiary. The agreement and plan of merger for the reorganization merger is attached to this document as Appendix C.

Upon the filing of the certificate of merger relating to the reorganization merger with the Secretary of State in Delaware, as required by the agreement and plan of merger, the merger of the CBOT merger sub with and into the CBOT will occur. As a result of the merger, the CBOT will become a wholly owned subsidiary of CBOT Holdings, with CBOT Holdings becoming the holder of the sole Class A membership in the CBOT subsidiary. The merger of the CBOT merger sub with and into the CBOT and the distribution by the CBOT of the common stock of CBOT Holdings to the CBOT members by means of a dividend, collectively, constitute what we sometimes refer to as the “demutualization” of the CBOT. The distribution by the CBOT of the common stock of CBOT Holdings to the CBOT members will not occur if the reorganization merger is not completed.

***Proposition 2: Approval and Adoption of Changes to the CBOT’s Bylaws***

This proposition is to approve and adopt the amendment and restatement of the CBOT’s bylaws, which will become the amended and restated bylaws of the CBOT subsidiary, and a technical amendment to the CBOT’s bylaws. The form of the amended and restated bylaws of the CBOT subsidiary are included as Appendix I to this document.

The amendment and restatement to the bylaws of the CBOT is generally designed to implement certain of the proposed changes to our corporate governance structure, which will become effective upon the completion of the reorganization merger. The technical amendment will clarify that holders of GIM, IDEM and COM membership interests are members of the CBOT for purposes of Delaware law and will become effective immediately following membership approval of the restructuring transactions. Obtaining member approval of these changes to the bylaws of the CBOT is required under the current certificate of incorporation and bylaws of the CBOT.

***Proposition 3: Ratification of Certain Agreements with the CBOE Relating to the CBOE Exercise Right***

This proposition is to ratify the execution, delivery and performance by the CBOT and CBOT Holdings of certain agreements among the CBOT, CBOT Holdings and the CBOE relating to the exercise right.

On August 7, 2001, the CBOT entered into an agreement with the CBOE for the stated purpose of resolving the dispute between the parties regarding the exercise right within the context of the restructuring transactions. On October 24, 2001 and on September 13, 2002, the CBOT and CBOT Holdings entered into letter agreements with the CBOE which specify the terms and conditions under which the August 7, 2001 agreement will apply upon the completion of the restructuring transactions, as subsequently revised and further refined. Attached as Appendices E-1, E-2, and E-3 to this document are copies of the August 7, 2001 agreement and related October 24, 2001 and September 13, 2002 letter agreements, respectively.

***Proposition 4: Ratification of All Other Matters Relating to the Restructuring Transactions, Including Changes to the Corporate Governance Structure***

This proposition is to ratify all other matters relating to the restructuring transactions, including, among other things, the proposed changes to our corporate governance structure, as described in greater detail elsewhere in this document.

This proposition includes, among other things, the ratification of the changes to our corporate governance structure contemplated by the new certificate of incorporation and bylaws for CBOT Holdings and the new

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certificate of incorporation and bylaws for the CBOT subsidiary. The effectiveness of the certificate of incorporation of the CBOT subsidiary will occur by operation of law upon the effectiveness of the reorganization merger as described above. The adoption of the new certificate of incorporation for CBOT Holdings requires the approval of the board of directors of CBOT Holdings and the approval of the CBOT, as sole stockholder of CBOT Holdings. It is currently anticipated that the new CBOT Holdings certificate of incorporation will become effective upon the filing of an amended and restated certificate of incorporation with the Secretary of State in Delaware, which we currently expect will occur immediately prior to the completion of the restructuring transactions. The amendment and restatement of the bylaws of CBOT Holdings requires the approval of the board of directors of CBOT Holdings, which we currently expect will become effective upon the completion of the restructuring transactions. The forms of the new amended and restated certificates of incorporation for CBOT Holdings and the CBOT subsidiary are attached as Appendices F and H to this document, respectively. The form of amended and restated bylaws of CBOT Holdings is attached as Appendix G to this document. The form of amended and restated bylaws of the CBOT subsidiary is attached as Appendix I to this document. Also included in this proposition is the ratification of certain changes to the rules and regulations of the CBOT, as described in Appendix J to this document, which we expect will facilitate certain aspects of the demutualization and enhance the ability of the CBOT subsidiary to modernize certain aspects of its corporate governance. These changes to the rules and regulations will become effective upon the approval by the board of directors of the CBOT, which we currently expect will occur immediately prior to the completion of the restructuring transactions. In addition to these changes to our rules and regulations and our corporate governance structure, this proposition includes all other matters relating to the restructuring transactions not otherwise covered by the other propositions.

Propositions 3 and 4 seek ratification by the CBOT membership (in accordance with the current voting rights of CBOT members) of certain matters relating to the restructuring transactions. In this context, “ratification” refers to an expression of approval by members of one or more matters for which their approval is not required as a matter of law. Although we are not aware of case law addressing the effect of ratification by members of a Delaware nonstock corporation such as the CBOT, we believe, based on certain cases addressing ratification by stockholders of a Delaware corporation, that ratification may under certain circumstances be effective to protect actions taken by a corporation and its board of directors against certain claims by stockholders (or, in the case of the CBOT, members) challenging such actions. It is a condition to the CBOT’s obligation to complete the restructuring transactions that the CBOT membership approve each of the four propositions presented to them by the board of directors. For this reason, ratification of certain matters pursuant to propositions 3 and 4, as described above, will be required in order to complete the restructuring transactions.

**Although you are being asked to approve each of these four propositions separately, each of these propositions is related to, and expressly conditioned upon the approval of, the other propositions. This means that we will not take any one or more of these actions relating to the restructuring transactions without taking all actions, subject to the terms and conditions of such transactions as described in greater detail elsewhere in this document. Accordingly, unless ALL FOUR of the propositions relating to the restructuring transactions are approved by the requisite vote of the members as described in this document, the restructuring transactions will NOT have been approved by the members and, accordingly, the restructuring transactions will not be completed.**

### **Available Votes: Required Vote**

Currently, there are 1,402 Full Members and 793 Associate Members of the CBOT. Under our certificate of incorporation, bylaws and rules and regulations, each Full Member will be entitled to one vote for each Full Membership owned and each Associate Member will have one-sixth of a vote for each Associate Membership owned. The restructuring transactions will be approved if Full Members and Associate Members, voting together as a single class based upon their respective voting rights, approve each of the four propositions set forth above. In accordance with applicable Delaware law, proposition (1) will be approved if a majority of the voting power of the Full Members and Associate Members, voting together as a single class based upon their respective voting rights, vote in favor of the approval of proposition (1). In accordance with the current certificate of incorporation

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and bylaws of the CBOT, propositions (2), (3) and (4) will be approved if Full Members and Associate Members, voting together as a single class based upon their respective voting rights, cast at least 300 votes at the special meeting, whether in person or by proxy, and at least a majority of the votes cast are in favor of propositions (2), (3) and (4).

Under our certificate of incorporation, bylaws, rules and regulations, GIMs, COMs and IDEMs are not entitled to vote on the restructuring transactions.

Our directors and officers held memberships as of January 16, 2003 entitling them to cast an aggregate of 16<sup>2/3</sup> votes on the proposal, which would represent about 1.1% of the total votes that may be cast.

### **Board Recommendation**

Our board of directors has determined that the restructuring transactions are in the best interests of the CBOT and its members and that the restructuring transactions are fair to each class of CBOT membership. **Our board of directors has approved the restructuring transactions and recommends that Full Members and Associate Members vote “FOR” approval of the restructuring transactions, including ALL FOUR of the propositions relating to the restructuring transactions. Unless ALL FOUR of these propositions are approved, the restructuring transactions will NOT have been approved by the members and, accordingly, will NOT be completed.**

### **Manner of Voting; Costs**

You may vote on the propositions relating to the restructuring transactions by attending the special meeting in person and registering your vote. You may also vote by completing the enclosed proxy ballot and submitting it in accordance with its instructions.

In connection with the proxy ballot solicitation, please note the following instructions:

- Please mark the enclosed proxy ballot with respect to each proposition and provide your signature, printed name and date where indicated, and enclose and seal the completed proxy ballot in the gold envelope addressed to the Secretary of the CBOT. Each proxy ballot must be signed in order to be effective.
- Print your name in the upper left-hand corner of the gold envelope and deliver or mail it to the Secretary’s Office. Alternatively, you may submit your completed proxy ballot to the Secretary’s Office by depositing the proxy ballot in the ballot box located in the fourth floor lobby of our offices between the hours of 8:00 a.m. and 2:15 p.m., central time, on \_\_\_\_\_, 2003.

You may revoke your proxy at any time before it is voted at the meeting by:

- sending written notice to Paul J. Draths at the Secretary’s Office, Board of Trade of the City of Chicago, Inc., 141 West Jackson Boulevard, Chicago, IL 60604;
- submitting a later dated proxy ballot; or
- attending the special meeting and voting in person.

Attendance at the special meeting will not automatically revoke your proxy ballot. All properly executed and unrevoked proxy ballots will be voted at the special meeting or at any adjournment of the special meeting.

You may vote “FOR” or “AGAINST” in the vote on each of the propositions relating to the restructuring transactions. Proxy ballots that are duly executed and submitted with no voting direction as to a given proposition will be counted for purposes of constituting a quorum but will not be counted as a vote cast for or against such proposition. A proxy ballot with respect to such proposition that has more than one box marked for a given

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proposition, e.g., both “FOR” and “AGAINST,” will be counted for purposes of constituting a quorum, but will not be counted as a vote cast for or against such proposition. Your proxy ballot must be received prior to 2:15 p.m., central time, on \_\_\_\_\_, 2003 to be counted.

To obtain a replacement proxy ballot, please call Paul J. Draths, Secretary of the CBOT, at (312) 435-3500 between the hours of 7:30 a.m. and 4:30 p.m., central time.

All proxies, ballots and tabulations that identify the vote of a particular member will be kept confidential, except as necessary to allow the third-party inspectors designated with respect to the vote on the propositions relating to the restructuring to certify the voting results or to meet other legal requirements. At the CBOT’s request, such inspectors may provide the CBOT with a list of members who have not voted and periodic status reports on the aggregate vote. These status reports may include breakdowns of vote totals by different types of membership classes. However, it is currently expected that the CBOT will not be able to determine how individual members voted.

The cost of soliciting proxies will be borne by us. In addition to solicitation by mail, our directors, officers and employees may solicit proxies in person or by telephone.

**LEGAL MATTERS**

The validity of the securities offered hereby will be passed upon for CBOT Holdings by Morris, Nichols, Arsht & Tunnell. As described herein, Kirkland & Ellis may issue an opinion of counsel with respect to the tax consequences of the receipt by CBOT Holdings of the Class A membership in the CBOT subsidiary and the receipt by members of common stock of CBOT Holdings and the Class B memberships and Class C memberships in the CBOT subsidiary. Kirkland & Ellis has in the past represented CBOT Holdings and the CBOT and their respective boards of directors and continues to represent CBOT Holdings and the CBOT and their respective boards of directors in connection with various matters. Morris, Nichols, Arsht & Tunnell acts as special Delaware counsel to CBOT Holdings and the CBOT.

**EXPERTS**

The consolidated financial statements of the Board of Trade of the City of Chicago, Inc. and Subsidiaries as of December 31, 2001 and 2000 and for each of the three years in the period ended December 31, 2001 included in this prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein and elsewhere in the registration statement, which report expresses an unqualified opinion and includes an explanatory paragraph regarding the adoption of Statement of Financial Accounting Standards No. 133, “Accounting for Derivative Instruments and Hedging Activities,” and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

**WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the Securities and Exchange Commission a registration statement on Form S-4 under the Securities Act of 1933, as amended, with respect to the securities being offered in connection with the restructuring transactions.

This proxy statement and prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement. Consistent with the rules and regulations of the SEC, some items of information are contained in exhibits to the registration statement. Statements made in this proxy statement and prospectus as to the content of any contract, agreement or other document filed or incorporated by reference as an exhibit to the registration statement are not necessarily complete. You should refer to the corresponding exhibit for a more complete description of the relevant matter and read all statements in this proxy statement and prospectus with due consideration of that exhibit.

Following effectiveness of the registration statement, CBOT Holdings will be required to file periodic reports and other information with the SEC. The SEC filings of CBOT Holdings are available to the public at the SEC's Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the SEC's web site at <http://www.sec.gov>. Information on the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Members  
of the Board of Trade of the City of Chicago, Inc.  
Chicago, Illinois

We have audited the accompanying consolidated statements of financial condition of the Board of Trade of the City of Chicago, Inc. and its subsidiaries (the "CBOT") as of December 31, 2001 and 2000, and the related consolidated statements of income, members' equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the CBOT's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, the CBOT adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities."

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Board of Trade of the City of Chicago, Inc. and its subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Chicago, Illinois  
February 19, 2002 (October 10, 2002 as to Note 14 and January 22, 2003 as to Note 12)

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
**December 31, 2001 and 2000**  
**(in thousands)**

<u>ASSETS</u>	<u>2001</u>	<u>2000</u>
<b>Current assets:</b>		
Cash and cash equivalents:		
Unrestricted	\$ 50,831	\$ 23,552
Held under deposit and membership transfers	2,336	4,653
Total cash and cash equivalents	53,167	28,205
Restricted cash	491	—
Accounts receivable—net of allowance of \$3,908 and \$2,188 in 2001 and 2000, respectively	21,599	20,920
Deferred income taxes	4,012	1,642
Other current assets	3,205	3,256
Total current assets	82,474	54,023
<b>Property and equipment:</b>		
Land	34,234	34,234
Buildings and equipment	306,971	305,872
Furnishings and fixtures	150,467	153,504
Computer software and systems	28,561	49,620
Construction in progress	1,262	50
Total property and equipment	521,495	543,280
Less accumulated depreciation and amortization	259,485	239,443
Property and equipment—net	262,010	303,837
Other assets	14,577	15,976
<b>Total assets</b>	<b>\$ 359,061</b>	<b>\$ 373,836</b>
<b><u>LIABILITIES AND MEMBERS' EQUITY</u></b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 16,787	\$ 17,805
Accrued real estate taxes	8,700	8,500
Accrued exchange fee refunds	4,830	384
Accrued employee termination	5,538	2,082
Accrued expenses	10,072	6,929
Due to joint venture	5,169	8,939
Funds held for deposit and membership transfers	2,336	4,653
Current portion of long-term debt	18,398	27,083
Other current liabilities	2,320	155
Total current liabilities	74,150	76,530
<b>Long-term liabilities:</b>		
Deferred income tax liabilities	16,877	30,214
Long-term debt	58,324	64,286
Other liabilities	13,637	11,486
Total long-term liabilities	88,838	105,986
Total liabilities	162,988	182,516
<b>Members' equity:</b>		
Members' equity	196,124	191,320
Accumulated other comprehensive loss	(51)	—
Total members' equity	196,073	191,320
<b>Total liabilities and members' equity</b>	<b>\$ 359,061</b>	<b>\$ 373,836</b>

See notes to consolidated financial statements

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

**For the Years Ended December 31, 2001, 2000 and 1999  
(in thousands)**

	2001	2000	1999
<b>Revenues:</b>			
Exchange fees	\$ 129,030	\$ 101,981	\$ 102,545
Market data	66,509	61,060	54,028
Building	24,828	24,530	22,653
Services	12,629	17,848	20,279
Dues	9,027	5,484	389
Other	1,909	3,258	4,054
<b>Total revenues</b>	<b>243,932</b>	<b>214,161</b>	<b>203,948</b>
<b>Expenses:</b>			
Salaries and benefits	58,545	56,391	64,133
Depreciation and amortization	43,537	40,013	36,140
Professional services	20,013	32,459	45,717
General and administrative expenses	12,840	15,557	21,084
Building operating costs	22,961	22,584	23,171
Information technology services	40,904	36,742	16,677
Programs	1,847	3,539	7,280
Loss on impairment of long-lived assets	15,210	—	—
Interest	6,734	6,773	6,774
Litigation	3,000	—	—
Severance and related costs	9,875	8,261	327
<b>Operating expenses</b>	<b>235,466</b>	<b>222,319</b>	<b>221,303</b>
<b>Income (loss) from operations</b>	<b>8,466</b>	<b>(8,158)</b>	<b>(17,355)</b>
<b>Income taxes (credit)</b>			
Current	19,709	133	(1,198)
Deferred	(15,707)	1,817	(1,697)
<b>Total income taxes (credit)</b>	<b>4,002</b>	<b>1,950</b>	<b>(2,895)</b>
<b>Income (loss) before cumulative effect of change in accounting principle and minority interest</b>	<b>4,464</b>	<b>(10,108)</b>	<b>(14,460)</b>
<b>Cumulative effect of change in accounting principle—net of tax</b>	<b>(51)</b>	<b>—</b>	<b>(2,920)</b>
<b>Income (loss) before minority interest</b>	<b>4,413</b>	<b>(10,108)</b>	<b>(17,380)</b>
<b>Minority interest in loss of subsidiary</b>	<b>—</b>	<b>—</b>	<b>6,933</b>
<b>Net income (loss)</b>	<b>\$ 4,413</b>	<b>\$ (10,108)</b>	<b>\$ (10,447)</b>

See notes to consolidated financial statements

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY**  
**For the Years Ended December 31, 2001, 2000 and 1999**  
**(in thousands)**

	Members' Equity	Accumulated Other Comprehensive Income	Total
Balance—December 31, 1998	\$ 211,047	\$ —	\$211,047
Comprehensive income:			
Net loss	(10,447)		(10,447)
Total comprehensive loss			(10,447)
Capital contributions	374		374
Balance—December 31, 1999	200,974	—	200,974
Comprehensive income:			
Net loss	(10,108)		(10,108)
Total comprehensive loss			(10,108)
Capital contributions	454		454
Balance—December 31, 2000	191,320	—	191,320
Comprehensive income:			
Net income	4,413		4,413
Transition adjustment for adoption of new accounting pronouncement		462	
Unrealized gains and losses on foreign exchange forward contracts		(499)	
Reclass of foreign exchange forward contract gains and losses—net		(48)	
Tax effect		34	
Total accumulated other comprehensive loss		(51)	(51)
Total comprehensive income			4,362
Capital contributions	391		391
Balance—December 31, 2001	\$ 196,124	\$ (51)	\$196,073

See notes to consolidated financial statements

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2001, 2000 and 1999  
(in thousands)**

	2001	2000	1999
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ 4,413	\$ (10,108)	\$ (10,447)
Adjustments to reconcile net income to net cash flows from operating activities:			
Cumulative effect of change in accounting principle	87	—	4,946
Depreciation and amortization	43,537	40,013	36,140
Allowance for bad debts	1,721	2,187	—
Loss on impairment of long-lived assets	15,210	—	—
Gain/loss on foreign currency transaction	(708)	—	—
Gain/loss on foreign currency translation	401	—	—
Loss on sale or retirement of fixed assets	1,162	3,800	220
Deferred income taxes (benefit)	(15,707)	1,817	(1,697)
Minority interest in loss of subsidiary	—	—	(6,933)
Other	—	—	(19)
Changes in assets and liabilities:			
Accounts receivable	(2,400)	(6,374)	2,551
Other current assets	51	6,905	269
Other assets	(868)	(949)	(4,187)
Accounts payable	(1,223)	(2,282)	(6,058)
Accrued real estate taxes	200	(150)	97
Accrued exchange fee refunds	4,446	(1,821)	1,448
Accrued employee termination	3,456	2,082	—
Due to joint venture	(3,770)	8,939	—
Accrued expenses	3,143	748	2,057
Funds held for deposit and membership transfers	(2,317)	195	(862)
Other current liabilities	2,165	(253)	(29)
Other long-term liabilities	2,151	1,612	(187)
Net cash flows from operating activities	55,150	46,361	17,309
<b>Cash flows from investing activities:</b>			
Acquisition of property and equipment	(16,358)	(38,497)	(25,165)
Proceeds from sale of property and equipment	836	356	390
Investment in joint ventures	(293)	(500)	—
Deposit to restricted cash	(491)	—	—
Net cash flows used in investing activities	(16,306)	(38,641)	(24,775)
<b>Cash flows from financing activities:</b>			
Repayments of borrowings	(32,948)	(19,000)	(5,000)
Proceeds from borrowings	18,675	16,582	—
Capital contributions from members	391	454	374
Capital contributions from minority interest in subsidiaries	—	—	723
Distributions to minority interest in subsidiaries	—	—	(400)
Net cash flows used in financing activities	(13,882)	(1,964)	(4,303)
Net increase (decrease) in cash and cash equivalents	24,962	5,756	(11,769)
Cash and cash equivalents—beginning of period	28,205	22,449	34,218
Cash and cash equivalents—end of period	\$ 53,167	\$ 28,205	\$ 22,449
<b>Cash paid for:</b>			
Interest	\$ 5,968	\$ 6,166	\$ 6,797
Income taxes	\$ 16,414	\$ —	\$ —

See notes to consolidated financial statements

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended December 31, 2001, 2000 and 1999**

**I. Summary of Significant Accounting Policies**

*Basis of presentation*

The consolidated financial statements include the accounts of the Board of Trade of the City of Chicago, Inc., its wholly owned subsidiaries, including Electronic Chicago Board of Trade, Inc. ("eCBOT") established in 2000, which has a controlling general partner interest in Ceres Trading Limited Partnership ("Ceres"), which in turn holds a 50% ownership interest in CBOT/Eurex Alliance LLC ("CBOT/Eurex Alliance"), (collectively, the "CBOT"). The CBOT also holds a 9.75% interest in a joint venture called OneChicago, LLC ("OneChicago"). The CBOT accounts for its interests in CBOT/Eurex Alliance and OneChicago under the equity method. These investments are included in other assets on the Consolidated Statements of Financial Condition. All significant intercompany balances and transactions have been eliminated in consolidation.

*Business and proposed restructuring transactions*

The CBOT operates markets for the trading of commodity and financial futures contracts, as well as options on futures contracts. Products traded on the exchange include domestic derivatives, global listed agricultural futures and options contracts (e.g. wheat, corn, and soybeans), and global listed financial futures and options contracts (e.g. U.S. Treasury bonds and notes). Products are traded on traditional open outcry auction markets on trading floors where members trade among themselves for their own accounts and for the accounts of their customers. Since 1992, products are also traded electronically. The CBOT also engages in market surveillance and financial supervision activities designed to ensure market integrity and provide financial safeguards for users of the markets. In addition, the CBOT markets and distributes real-time and historical market data generated for trading activity in its markets to users of its products and related cash and derivative markets.

For the past two and a half years the CBOT has been studying and developing a restructuring strategy. The current proposal contemplates the following:

- demutualize the CBOT by creating a stock, for profit holding company, CBOT Holdings, and distributing shares of common stock of CBOT Holdings to its members, while maintaining the CBOT as a non-stock, for-profit subsidiary of CBOT Holdings;
- adopt a revised corporate governance structure, which would substantially eliminate the membership petition process, adopt a more modern mechanism for initiating and voting on stockholder proposals, and make certain other changes designed to improve the CBOT's corporate decision-making process; and
- reorganize and consolidate the CBOT's electronic trading business, part of which is currently operated by Ceres, into eCBOT, which would be operated as a wholly-owned subsidiary of the CBOT subsidiary.

The foregoing proposal is subject to a number of conditions, including membership approval.

The accompanying consolidated financial statements do not reflect the effects of the proposed transactions.

*Use of estimates*

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual amounts could differ from those estimates.

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### *Revenue recognition*

The largest source of the CBOT's operating revenues is exchange fees which are assessed on trades made through the CBOT. These fees are recognized as revenue in the same period that the trades are made. Exchange fee revenue is a function of three variables: (1) exchange fee rates, determined primarily by contract type, trading mechanism and membership/customer status, (2) trading volume and (3) transaction mix. Adjustments to previously reported exchange fee revenues arise primarily from the subsequent identification by clearing firms of misclassifications of the membership/customer status that had been reported by the clearing firms in their initial submission to the CBOT. Prior to July 15, 2001, clearing firms could submit requests for adjustments relating to trading activity during the past five years. Subsequent to July 15, 2001, the period for adjustment was reduced to one year.

Adjustments to exchange fees, arising principally from corrections to member firm reporting submitted by those firms, are recorded in the period such adjustments are reported to the CBOT as it is not practical for the CBOT to estimate such exchange fee adjustments until requests for such adjustments are received. The CBOT recorded adjustments to exchange fees in the amount of a \$4.6 million reduction, a \$1.1 million addition and a \$0.5 million reduction during 2001, 2000 and 1999, respectively, of which \$3.7 million, \$0.9 million and \$0.4 million related to prior years.

The CBOT provides to market data vendors real time and delayed market data regarding the prices of the futures and options on futures contracts traded through the CBOT. Fees for market data, which are based on the number of subscribers, are remitted to the CBOT by market data vendors. The CBOT recognizes revenue for market data based on quotation services provided to market data vendors at the time services are rendered. Rebates are available to member firms for one-third of their market data fees. These rebates are accrued in the month that the revenues are recorded.

Revenues from the rental of office space is recognized over the life of the lease term, utilizing the straight-line method.

Service revenues consist primarily of telecommunication charges, badge fees, booth space rentals and membership application and registration fees, and are recognized when the services are provided.

Member dues are determined by the Board of Directors of the CBOT based upon various factors including the CBOT's cash and working capital requirements. Member dues are recognized over the period to which they relate.

Other revenue relates primarily to fines levied on members and member's firms for rule infractions, as determined by the CBOT's regulatory committees and board of directors. The fines are recognized as revenue when levied.

### *Accounts receivable*

The CBOT estimates an allowance for doubtful accounts based upon factors surrounding credit risk of specific customers. The following provides a reconciliation of the allowance for doubtful accounts as of, and for the years ended December 31 (in thousands):

	2001	2000	1999
Allowance for doubtful accounts—beginning of year	\$ 2,188	\$ —	\$ —
Bad debt expense	1,921	2,235	56
Charge-offs	(201)	(47)	(56)
Recoveries	—	—	—
Allowance for doubtful accounts—end of year	\$ 3,908	\$ 2,188	\$ —

### *Property and equipment*

Property and equipment, excluding land, are reported at historical cost, net of accumulated depreciation and amortization. Land is reported at cost. Computer software and systems include purchased and internally

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developed software, including software jointly developed with Deutsche Börse AG and the Swiss Stock Exchange (collectively the “Eurex Group”) for use in electronic trading of financial derivative products. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets which are generally as follows:

Buildings and equipment	10 to 60 years
Furnishings and fixtures	3 to 10 years
Computer software and systems	3 to 5 years

Depreciation and amortization expense related to the above assets was \$41.0 million, \$37.5 million and \$33.3 million for the years ended December 31, 2001, 2000 and 1999, respectively.

### *Other assets*

Other assets are presented net of accumulated amortization. Amortization is computed using the straight-line method over the estimated useful lives of the assets. Amortization expense related to these assets was \$2.5 million, \$2.5 million and \$2.8 million for the years ended December 31, 2001, 2000 and 1999, respectively.

### *Income taxes*

The CBOT and its wholly owned subsidiaries file a consolidated federal income tax return. Income taxes are determined using the asset and liability method. Accordingly, deferred tax assets and liabilities are determined based upon the differences between financial statement carrying amounts and the tax bases of existing assets and liabilities, and are measured at the tax rates expected to be in effect when these differences reverse.

### *Cash flows*

For purposes of the Consolidated Statements of Cash Flows, cash and cash equivalents include highly liquid investments with maturities of three months or less from date of purchase.

### *Cash held under deposit and membership transfers*

When any membership is sold, the CBOT holds the proceeds of such sale before remitting the amount to the selling member for a specified period of time to allow other members to make claims against the selling member. Cash held under deposit and membership transfers consists of funds held by the CBOT from membership sales. Use of these funds is not restricted and the CBOT has an offsetting liability titled funds held for deposit and membership transfers.

### *Restricted cash*

Restricted cash consists of collateral required for purchase of foreign currency forward contracts.

### *Long-lived assets*

Long-lived assets to be held and used by the CBOT are reviewed to determine whether any events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The CBOT bases its evaluation on such impairment indicators as the nature of the assets, the future economic benefit of the assets, any historical or future profitability measurements, as well as other external market conditions or factors that may be present. If such impairment indicators are present or other factors exist that would indicate that the carrying amount of the asset may not be recoverable, the CBOT determines whether an impairment has occurred through the use of an undiscounted cash flows analysis of assets at the lowest level for which identifiable cash flows exist. In the event of an impairment, the CBOT recognizes a loss for the difference between the carrying amount and the estimated value of the asset as measured using quoted market prices or, in the absence of quoted market prices, a discounted cash flow analysis.



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During the fourth quarter of 2001, formal discussions began and preliminary term sheets were shared regarding licensing a new version of the electronic trading platform. Based on management's assessment of the probable outcome of these discussions, management has concluded that the carrying value of the current electronic trading platform, included in computer software and systems, should be reduced. The carrying value represents the future undiscounted cash flows to be generated from the current electronic trading platform. As a result of management's evaluation, a \$15.2 million pretax charge was recorded in the fourth quarter of 2001 to adjust the carrying value of the current electronic trading platform to its estimated realizable value. The adjustment is reflected in the electronic trading operating segment. The remaining carrying value of \$12.5 million will be amortized through June 30, 2002.

### *Operating segments*

Management has identified three reportable operating segments: exchange floor trading, electronic trading and real estate operations. The CBOT evaluates segment reporting based on revenues and income from operations.

### *Equity method investments*

Equity method investments represent investments in which the CBOT has a greater than 20% interest or is able to exercise significant influence. These investments are carried at the initial capital contributions increased or reduced by the proportionate shares of the entities' accumulated net income or loss, which approximates fair value. Equity method investments are reviewed to determine whether any events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. The CBOT bases its evaluation on its ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity which would justify the carrying amount of the investment. In the event of an impairment, the CBOT would recognize a loss for the difference between the carrying amount and the estimated fair value of the equity method investment.

### *Derivative instruments held for purposes other than trading*

The CBOT enters into derivative contracts as a means of reducing the CBOT's foreign exchange exposures. The CBOT's derivative program is monitored by senior management. The CBOT's risk of loss is typically limited to the fair value of its derivative instruments and not to the notional or contractual amounts of those derivatives. Risks arise from changes in the fair value of the underlying instruments and, with respect to over-the-counter transactions, from the possible inability of counterparties to meet the terms of the contracts. The CBOT has strict policies regarding the financial stability and credit standing of its major counterparties. The CBOT attempts to limit its credit risk by dealing with creditworthy counterparties.

At the inception of these contracts, the contracts are evaluated in order to determine whether they may qualify for hedge accounting treatment and prior to January 1, 2001, were accounted for either on a deferral, accrual or market value basis, depending on the nature of the CBOT's hedge strategy and the method used to account for the hedged item. Hedge criteria include demonstrating the manner in which the hedge will reduce risk, identifying the specific asset, liability or firm commitment being hedged, and citing the time horizon being hedged. Regular evaluations are performed to ensure that continuing correlation exists between the hedge and the item being hedged. See "Adoption of new accounting policies" for accounting policies adopted in 2001.

### *Adoption of new accounting policies*

In 1999, the CBOT adopted Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SOP 98-1 provides guidance on accounting for the costs of computer software developed or modified for internal use. The adoption of SOP 98-1 did not have a material impact on the consolidated financial statements.

In 1999, the CBOT also adopted SOP 98-5, "Reporting on the Costs of Start-Up Activities." SOP 98-5 requires that start-up activities be expensed as incurred. Previously, start-up activities were capitalized and

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amortized on a straight-line basis over 60 months. The cumulative effect of this change in accounting principle as of January 1, 1999 was a charge of \$2.9 million, net of a tax credit of \$2.0 million.

On January 1, 2001, the CBOT adopted Statement of Financial Accounting Standards (“SFAS”) No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended and interpreted. SFAS No. 133 requires recognition of all derivative instruments in the Consolidated Statements of Financial Condition as either assets or liabilities and the measurement of those instruments at fair value. SFAS No. 133 also requires changes in the fair value of the derivative instruments to be recorded each period in current earnings or other comprehensive income depending on the hedge designation and whether the hedge is highly effective. If the derivative is designated as a fair-value hedge, the changes in the fair value of the derivative and the hedged item are recognized in earnings. If the derivative is designated in a cash-flow hedge, changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the Consolidated Statements of Income when the hedged item affects earnings. SFAS No. 133 defines new requirements for designation and documentation of hedging relationships as well as ongoing effectiveness assessments in order to use hedge accounting. For a derivative that does not qualify, or is not designated, as a hedge, changes in fair value are recognized in earnings.

On January 1, 2001, the CBOT recorded in the Consolidated Statements of Income an \$87,000 pretax loss (\$51,000 loss, after tax) as the cumulative effect of the change in the foregoing accounting principle. The loss related to derivatives that were either not designated as hedges or derivatives that had been used as fair-value type hedges prior to adoption of SFAS No. 133. In addition, the CBOT recorded a \$462,000 pretax gain in other comprehensive income, reflecting the cumulative effect of the foregoing change in accounting principle, relating to derivatives that had been used as cash-flow type hedges prior to adoption of SFAS No. 133.

The CBOT formally measures effectiveness of its hedging relationships both at the hedge inception and on an ongoing basis in accordance with its risk management policy. The CBOT will discontinue hedge accounting prospectively if it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item; when the derivative expires or terminates; when the derivative is de-designated as a hedge instrument, because it is probable that the forecasted transaction will not occur; or management determines that designation of the derivative as a hedge instrument is no longer appropriate.

In June 2001, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 141, “Business Combinations,” which established accounting and reporting standards for business combinations on or after July 1, 2001. All combinations in the scope of this statement are to be accounted for using the purchase method. The adoption of SFAS No. 141 did not have an impact on the CBOT’s financial position or results of operations as the CBOT does not have any goodwill or intangible assets.

### *Recent accounting pronouncements*

In June 2001, the FASB issued SFAS No. 142, “Goodwill and Other Intangible Assets,” which established accounting and reporting standards for acquired goodwill and other intangible assets. SFAS No. 142, which is effective January 1, 2002 for the CBOT, addresses how intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. SFAS No. 142 also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. The adoption of SFAS No. 142 is not expected to have a significant impact on the CBOT’s financial position or results of operations.

In June 2001, the FASB issued SFAS No. 143, “Accounting for Asset Retirement Obligations,” which addresses the financial accounting and reporting for obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long-lived asset. This statement amends SFAS No. 19, “Financial Accounting and Reporting by Oil and Gas Companies.” For the CBOT, this statement is effective January 1, 2003 and, when adopted is not expected to have a material impact on the financial position or results of operations.

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In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses the financial accounting and reporting for the impairment of disposal of long-lived assets. This statement supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and the accounting and reporting provisions of APB No. 30, "Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for disposal of a segment of a business. For the CBOT, this statement is effective January 1, 2002 and, when adopted, is not expected to have a material impact on the financial position or results of operations.

### *Prior year reclassifications*

Certain reclassifications have been made of prior year amounts to conform to current year presentations.

## **2. Minority Interests in Subsidiaries**

Ceres was formed by the CBOT for the purpose of engaging in activities related to financial and futures markets. The results of Ceres' operations are the primary component of the electronic trading segment as disclosed in Note 12. The CBOT, through eCBOT, as general partner, holds a 10% interest in Ceres. Members of the CBOT are limited partners of Ceres. Under the terms of the Ceres partnership agreement, income and losses are allocated to the general partner and limited partners based on their partnership interests. Losses in excess of limited partner capital accounts are allocated to eCBOT, as general partner. The limited partners do not have rights that allow them to participate in the management of Ceres or rights that limit the CBOT's ability to control the operations of Ceres. Accordingly, the CBOT controls Ceres and Ceres is accounted for as a consolidated subsidiary of the CBOT.

The carrying value of the minority interest at December 31, 2001 and 2000 was zero as the losses of Ceres that were allocated to the minority partners exceeded the capital of such partners.

## **3. Debt**

Long-term debt at December 31 consisted of the following (in thousands):

	2001	2000
Private placement senior notes, due in annual installments through 2007, at an annual interest rate of 6.81%	\$ 64,286	\$ 75,000
Secured revolving credit agreement, due in 2001, at an annual interest rate based on LIBOR (6.6875% at December 31, 2000), plus .625%	—	7,300
Secured note payable, due in 2004, at an annual interest rate of 8.25%	7,990	—
Note payable to the Eurex Group, due in June 2002, at an annual interest rate of 6.25%	4,446	9,069
Total	76,722	91,369
Less current portion	18,398	27,083
Total	\$ 58,324	\$ 64,286

In March 2001, the CBOT entered into a secured note payable with a lending institution, under which the CBOT borrowed \$10.0 million. The note payable is secured by the telecommunications equipment of the CBOT, which is included in Furnishings and fixtures in the Consolidated Statement of Financial Condition, with an approximate carrying value of \$12.7 million at December 31, 2001. The CBOT primarily used the proceeds to retire the secured revolving credit agreement in the amount of \$7.3 million.

Under the terms of an agreement between Ceres and the Eurex Group, Ceres agreed to pay to the Eurex Group certain amounts related to the modification of the CBOT's electronic trading systems. The payments to

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the Eurex Group are denominated in euros. Such amounts were hedged using foreign exchange forward contracts. The balances due at December 31, 2001 and 2000 were \$4.4 million (5.0 million euros) and \$9.3 million (9.8 million euros), respectively.

The aggregate amount of required principal repayments on the CBOT's long-term debt as of December 31, 2001 are as follows (in thousands):

2002	\$	18,398
2003		14,229
2004		11,951
2005		10,714
2006		10,714
Thereafter		10,716
Total	\$	76,722

On January 15, 2002, the CBOT entered an agreement with LaSalle Bank National Association to provide the CBOT with a \$20.0 million revolving credit facility (the "Revolver"). The Revolver has a maturity date of one year from the closing date. Interest related to the Revolver is payable monthly at the lower of LIBOR plus 2.75% or the bank's prime rate. The Revolver contains certain covenants which, among other things, require the CBOT to maintain certain equity levels and financial ratios, as well as restrict the CBOT's ability to incur additional indebtedness, except in certain specified instances. The Revolver restricts the usage of the proceeds to the "Ceres Interest Repurchase and general corporate purposes." No principal is outstanding on the Revolver.

#### 4. Income Taxes

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. These temporary differences result in taxable or deductible amounts in future years. Differences between financial reporting and tax bases arise most frequently from differences in the timing of expense recognition.

Significant components of the CBOT's deferred tax assets (liabilities) as of December 31, 2001 and 2000 are as follows (in thousands):

	2001	2000
Allowance for bad debt	\$ 1,553	\$ 870
Rebate accrual	1,095	153
Legal expense	1,192	—
Other	172	619
Net current asset	\$ 4,012	\$ 1,642
Depreciation	\$ (25,773)	\$ (28,281)
Employee and retiree benefit plans	2,021	1,032
Ceres partnership	3,576	(5,469)
Other	3,299	2,504
Net long-term liability	\$ (16,877)	\$ (30,214)

The CBOT has not established a valuation reserve at December 31, 2001 and 2000 as management believes that all deferred tax assets are fully realizable.

A reconciliation of the statutory federal income tax rate to the effective income tax rate is as follows:

	2001	2000	1999
Statutory federal income tax rate	35.0%	(35.0)%	(35.0)%
State income tax rate, net of federal income tax effect	5.7	1.4	(3.4)
Non-deductible corporate restructuring costs	6.5	42.3	5.9
Other non-deductible expenses	3.4	6.5	4.5
Other, net	(3.3)	8.7	0.2
<b>Effective income tax rate</b>	<b>47.3%</b>	<b>23.9%</b>	<b>(27.8)%</b>

## 5. Membership

At December 31, 2001 and 2000, the membership of the CBOT consisted of the following classes and numbers of members:

	2001	2000
Full memberships	1,402	1,402
Associate memberships	789	779
Government Instruments Market membership interests ("GIM")	156	174
Commodity Options Market membership interests ("COM")	643	643
Index, Debt and Energy Market membership interests ("IDEM")	642	641

The principal differences between the memberships relate to voting and trading rights, and member preferences in liquidation rights in dissolution. No mechanism currently exists in the CBOT's certificate of incorporation or bylaws for allocating ownership among CBOT's members. In accordance with the CBOT rules and regulations, the members' preferences in dissolution are dictated by their class of membership. These preferences as defined, and the equivalent percentages resulting are as follows:

	Preferences	Percentage
Full members	1,000	77.7%
Associate memberships	0.167	13.0
GIMs	0.111	8.5
IDEMs	0.005	0.4
COMs	0.005	0.4
		<b>100.0%</b>

## 6. Benefit Plans

Substantially all employees of the CBOT are covered by a noncontributory, defined benefit pension plan. The benefits of this plan are based primarily on the years of service and the employees' average compensation levels. The CBOT's funding policy is to contribute annually the maximum amount that can be deducted for federal income tax purposes. The plan assets are primarily invested in marketable debt and equity securities.

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The following provides a reconciliation of pension benefit obligation, plan assets, funded status and net periodic benefit expense of the plan as of, and for the years ended, December 31 (in thousands):

	2001	2000
<b>Change in benefit obligation:</b>		
Benefit obligation, beginning of year	\$ 26,352	\$ 23,799
Service cost	1,519	1,678
Interest cost	1,872	1,950
Actuarial loss (gain)	(2,900)	1,635
Special termination benefits	3,170	—
Benefits paid	(1,949)	(2,710)
<b>Benefit obligation, end of year</b>	<b>\$ 28,064</b>	<b>\$ 26,352</b>
<b>Change in plan assets:</b>		
Fair value of plan assets at January 1	\$ 17,859	\$ 14,141
Actual return on plan assets	(659)	1,397
Company contributions	2,697	5,031
Benefits paid	(1,949)	(2,710)
<b>Fair value of plan assets at December 31</b>	<b>\$ 17,948</b>	<b>\$ 17,859</b>
<b>Funded status:</b>		
Funded status of the plan at December 31	\$ (10,116)	\$ (8,493)
<b>Unrecognized cost:</b>		
Actuarial and investment net losses	5,380	7,156
Prior service cost	5	10
Transition obligation	—	(204)
<b>Accrued benefit cost (included in other long-term liabilities)</b>	<b>\$ (4,731)</b>	<b>\$ (1,531)</b>

The components of net periodic benefit cost are as follows:

	2001	2000	1999
Service cost	\$ 1,519	\$ 1,678	\$ 1,575
Interest cost	1,872	1,950	1,604
Expected return on plan assets	(1,696)	(1,397)	(1,306)
<b>Net amortization:</b>			
Transition asset	(204)	(204)	(204)
Unrecognized prior service cost	5	(1)	15
Unrecognized net loss	248	394	278
<b>Net periodic benefit cost</b>	<b>1,744</b>	<b>2,420</b>	<b>1,962</b>
Special termination benefits, curtailment and settlement (Note 9)	4,226	—	—
<b>Net periodic benefit cost after special termination benefits, curtailment and settlement</b>	<b>\$ 5,970</b>	<b>\$ 2,420</b>	<b>\$ 1,962</b>

During 2001, the CBOT recorded special termination benefits of \$3,170 for pension benefits and loss on settlements of \$1,056. These benefits were primarily the result of 31 employees taking advantage of an early retirement program offered by the CBOT in 2001.

The assumptions used in the measurement of the pension benefit obligation as of December 31 are as follows:

	2001	2000
Weighted average discount rate	7.25%	7.25%
Expected return on plan assets	9.0	9.0
Rate of compensation increase	5.0	5.0

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The CBOT has a retiree benefit plan which covers all eligible employees, as defined. Employees retiring from the CBOT on or after age 55, who have at least ten years of service, or after age 65 with five years of service, are entitled to postretirement medical and life insurance benefits. The CBOT funds benefit costs on a pay-as-you-go basis. These costs totaled approximately \$83,200, \$80,700 and \$57,500 for the years ended December 31, 2001, 2000 and 1999, respectively.

The following provides a reconciliation of postretirement obligation, plan assets, funded status and net periodic benefit cost of the plan as of, and for the years ended, December 31 (in thousands):

	2001	2000
<b>Change in benefit obligation:</b>		
Benefit obligation, beginning of year	\$ 4,089	\$ 3,490
Service cost	207	238
Interest cost	312	285
Actuarial loss (gain)	302	161
Benefits paid	(87)	(85)
<b>Benefit obligation, end of year</b>	<b>\$ 4,823</b>	<b>\$ 4,089</b>
<b>Change in plan assets:</b>		
Fair value of plan assets at January 1	\$ —	\$ —
Company contributions	87	85
Benefits paid	(87)	(85)
<b>Fair value of plan assets at December 31</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Funded status:</b>		
Funded status of the plan at December 31	\$ (4,823)	\$ (4,089)
Unrecognized net gain	(1,023)	(1,035)
Unrecognized transition obligation	1,371	1,557
<b>Accrued benefit cost (included in other long-term liabilities)</b>	<b>\$ (4,475)</b>	<b>\$ (3,567)</b>

The components of net periodic benefit cost are as follows:

	2001	2000	1999
Service cost	\$ 207	\$ 238	\$ 238
Interest cost	312	285	250
Expected return on plan assets	—	—	—
<b>Net amortization:</b>			
Transition liabilities	130	130	130
Net gain	(51)	(56)	(31)
<b>Net periodic benefit cost</b>	<b>598</b>	<b>597</b>	<b>587</b>
Special termination benefits, curtailment and settlement (Note 9)	398	—	—
<b>Net periodic benefit cost after special termination benefits, curtailment and settlement</b>	<b>\$ 996</b>	<b>\$ 597</b>	<b>\$ 587</b>

During 2001, the CBOT recorded special termination benefits and curtailment losses of \$341 and \$57, respectively for postretirement obligations.

The assumptions used in the measurement of the postretirement obligation as of December 31 are as follows:

	2001	2000
Weighted average discount rate	7.25%	7.25%
Rate of compensation increase	5.0	5.0

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The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation was 11% in 2001 and 2000 (decreasing by 1% per year until a long-term rate of 5% is reached). If the health care cost trend rate assumptions were increased by 1% for each year, the accumulated postretirement benefit obligation as of December 31, 2001 would be increased by 9%. The effect of this change on the sum of the service costs and interest cost would be an increase of 14%. If the health care cost trend rate assumptions were decreased by 1% for each year, the accumulated postretirement benefit obligation as of December 31, 2001 would be decreased by 7%. The effect of this change on the sum of the service costs and interest cost would be a decrease of 12%.

The CBOT also maintains a qualified savings plan pursuant to Section 401(k) of the Internal Revenue Code. The plan is a defined contribution plan offered to eligible employees of the CBOT, who meet certain length of service requirements and elect to participate in the plan. The CBOT will make matching contributions to certain participants based on a formula specified by the plan. The cost of these matching contributions amounted to approximately \$1,363,000, \$1,368,000 and \$1,370,000 for the years ended December 31, 2001, 2000 and 1999, respectively. The CBOT also sponsors a nonqualified supplemental pension plan for certain former employees. The liability for this nonqualified plan is funded by life insurance policies on the lives of the participating employees. The CBOT has established a trust for the purpose of administering the nonqualified plan. The CBOT also has a health plan which provides benefits (hospital, surgical, major medical and short-term disability) for full-time salaried employees of the CBOT. The plan is funded by the CBOT as claims are paid. Employees may contribute specified amounts to extend coverage to eligible dependents.

### **7. Commitments**

Certain office space, data processing and office equipment are leased. Certain of these leases contain escalation clauses. Rental expense for the years ended December 31, 2001, 2000 and 1999 was \$1,956,000, \$2,173,000 and \$2,461,000 respectively. The future minimum rental payments under non-cancelable leases in effect as of December 31, 2001 for the next five years are as follows (in thousands):

2002	\$ 300
2003	240
2004	185
2005	144
2006	140

Building revenues relate primarily to the leasing of office and commercial space, generally for periods ranging from one to five years. Future minimum rentals under non-cancelable leases in effect as of December 31, 2001 are as follows (in thousands):

2002	\$ 19,601
2003	12,562
2004	7,016
2005	3,232
2006	1,152

In June 1997, the CBOT agreed to license certain index and trademark rights, including the Dow Jones Industrial Average, the Dow Jones Transportation Average, the Dow Jones Utilities Average and the Dow Jones Global Indices which extends through June 2002. The initial license fee remitted to Dow Jones is being amortized over the term of the agreement and is included in other assets on the Consolidated Statements of Financial Condition. In December 2001, the CBOT renewed its agreement with Dow Jones. The license is a non-transferable and exclusive worldwide license to use these indices as the basis for standardized exchange-traded futures contracts and options on futures contracts. The agreement which expires December 31, 2007 unless terminated by either party, requires the CBOT to pay Dow Jones annual royalties, based upon the trading volumes, with a minimum annual royalty requirement of \$2.0 million. These annual royalty charges are recorded as expense in the year to which the payment relates.



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The CBOT, through Ceres, has commitments with Deutsche Börse Systems for approximately \$32.1 million (36.0 million euros) as of December 31, 2001 to fund the operations of the CBOT's current electronic trading platform. These payments are due at various times through 2003 as follows (in thousands):

2002	\$21,382
2003	10,691

On January 30, 2002, the CBOT entered into foreign exchange forward contracts with a financial institution to hedge risk of foreign currency fluctuations related to certain commitments in euros to the Eurex Group. The notional amount of these contracts total 12.0 million euros with exchange rates ranging from .8561 to .8591 and maturities at various dates which correspond to the terms of the commitments through December, 2002.

Additionally, the CBOT has employment agreements with certain members of management. The agreements called for, among other incentives and benefits, payments in the aggregate of approximately \$2.5 million during 2001.

Furthermore, under the agreement with the new President and Chief Executive Officer (the "Executive"), the Executive was granted a right to receive a benefit from the appreciation in the value of the CBOT's memberships through appreciation units. The memberships and their related appreciation rights are as follows:

<u>Membership Type</u>	<u>Number of Appreciation Units</u>	<u>Grant Value Per Unit</u>
1 Full Membership	25	\$400,000
1 Full Membership	10	600,000
1 Associate Membership	10	80,000
1 IDEM Membership	5	10,000
1 COM Membership	5	20,000

Each appreciation unit represents the right to receive the excess of the fair market value of the membership type over the grant value of each appreciation unit on the date of which such appreciation unit is exercised. The fair market value is to be determined by computing the average sale price of the membership type over the prior ninety calendar days to the day of exercise.

The units vest over a four year-year period, with 40% vesting one year after the grant date and 20% vesting on the same date in each year of the following three years.

The CBOT is accounting for the appreciation rights in a manner similar to stock appreciation rights as set forth in SFAS Interpretation No. 28, "Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans" (An interpretation of APB Opinion Nos. 15 and 25). For the year ended December 31, 2001, there was no measured compensation expense relating to the appreciation rights.

In October 2001, the CBOT became a minority interest holder in the joint venture OneChicago with the Chicago Board Options Exchange and the Chicago Mercantile Exchange. OneChicago is a for-profit company whose business is to facilitate the electronic trading of single-stock futures. Pursuant to the joint venture agreement, the CBOT is obligated to make specified capital contributions. In October 2001, the CBOT made a capital contribution of \$292,500. The maximum future amount the CBOT was required to contribute to the joint venture was \$682,500. This amount was paid in February of 2002.

### **8. Foreign Currency Forward Contracts**

On September 27, 2000, the CBOT entered into foreign exchange forward contracts with a financial institution to hedge its risk of foreign currency fluctuations related to certain commitments to Eurex and related entities, denominated in euros. The notional amount of these contracts totaled approximately \$29.0 million with exchange rates ranging from .89429 to .91100 and maturities at various dates through 2002 which correspond to the terms of the commitments. In December 2000, the CBOT decided not to pursue certain software commitments for enhancements. The CBOT then entered into approximately \$9.8 million of foreign exchange

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forward contracts offsetting certain of the contracts entered into in September 2000. Gains and losses on certain of the original forward contracts, which are hedging ongoing commitments, are deferred, and totaled a gain of approximately \$462,000 at December 31, 2000. A net gain of approximately \$819,000 at December 31, 2000 on all other forward contracts was recognized in earnings and included in Other revenue in the Consolidated Statements of Income.

At December 31, 2001, the CBOT had foreign exchange forward contracts with a financial institution to hedge its risk of foreign currency fluctuations related to certain liabilities and commitments in euros with Eurex and related entities.

Foreign exchange forward contracts designated as cash-flow type hedges of liabilities or firm commitments had notional amounts approximating \$9.9 million (11.1 million euros) at December 31, 2001. A loss before income taxes of approximately \$80,000 was recognized on these contracts and recorded as accrued liabilities and other comprehensive income for these derivatives at December 31, 2001. This amount is expected to be reclassified into earnings as the commitments are recorded, which is expected to occur by June 30, 2002.

### 9. Severance and Related Costs

The severance and related costs incurred during 2001 of \$9.9 million consisted of \$4.0 million of severance costs, \$1.4 million of early retirement related costs, \$4.2 million of pension plan special termination benefits, curtailment and settlement (see Note 6) and \$0.4 million of retiree benefit plan special termination benefits, curtailment and settlement (see Note 6) for 84 employees who accepted early retirement or severance packages throughout the organization as a result of the proposed restructuring strategy. The severance and related costs incurred during 2000 of \$8.3 million are primarily the result of an agreement with the CBOT's former chief executive, dated April 14, 2000, in which the CBOT terminated an employment agreement and agreed to make payments through 2003 of approximately \$6.1 million plus amounts for certain medical insurance and pension benefits. The severance and related costs incurred during 1999 of \$0.3 million related to ongoing staff reductions.

The following table summarizes severance and related costs, the amounts paid and the accrual balances, exclusive of special termination benefits, curtailment and settlement expenses, which are summarized in Note 6 (in thousands):

	For the Year Ended December 31,		
	2001	2000	1999
Accrued employee termination liability—beginning of year	\$ 6,120	\$ 327	\$ —
Employee termination costs	5,410	8,317	327
Cash payments	(3,787)	(2,524)	—
Accrued employee termination liability—end of year	\$ 7,743	\$ 6,120	\$ 327

### 10. Litigation

The CBOT has been named as a defendant in various lawsuits. Although the ultimate outcome of these matters cannot be presently determined, the CBOT established an accrual for legal liabilities of \$3.0 million during 2001, which represents the CBOT's assessment of the probable outcome of, and reasonable estimate of the liabilities associated with, such matters. The CBOT does not believe that the ultimate resolution of these matters will have a material adverse effect on its consolidated financial position. However, the ultimate resolution of such matters could have a material adverse effect on consolidated results of operations and cash flows in a particular quarter or fiscal year. See Note 14.

### 11. Deposits of U.S. Treasury Securities

The rules and regulations of the CBOT require certain minimum financial requirements for delivery of physical commodities, maintenance of capital requirements and deposits on pending arbitration matters. To satisfy these requirements, member firms have deposited U.S. Treasury securities with the CBOT. These deposits are not considered assets of the CBOT, nor does any interest earned on these deposits accrue to the CBOT; accordingly, they are not reflected in the accompanying financial statements. The aggregate market value of these securities on deposit was \$28.2 million and \$15.0 million as of December 31, 2001 and 2000, respectively.

**12. Operating Segments**

Management has identified three reportable operating segments: exchange floor trading, electronic trading and real estate operations. The exchange floor trading segment primarily consists of revenue and expenses from traditional open outcry trading activities and the sale of related market data to vendors. The electronic trading segment consists of the revenue and expenses from trading activities on the electronic trading platform through our subsidiary, Ceres. The real estate operations segment consists of revenues and expenses from renting and managing the real estate owned by the CBOT. The CBOT allocates certain business activities to each operating segment based on trading volume and other factors. During the fourth quarter of 2002, the CBOT changed its allocation of business activities relating to operating segments. The presentation below has been restated to reflect this change. The CBOT evaluates segment performance based on revenues and income from operations. Intercompany transactions between segments have been eliminated. A summary by operating segment follows (in thousands):

	Exchange Floor Trading	Electronic Trading	Real Estate Operations	Eliminations	Total
<b>Year Ended December 31, 2001</b>					
Revenues:					
Exchange fees	\$ 88,072	\$ 40,958	\$ —	\$ —	\$ 129,030
Market data	66,509	—	—	—	66,509
Building	—	—	24,828	—	24,828
CBOT space rent	—	—	17,802	(17,802)	—
Services	12,252	377	—	—	12,629
Members' dues	9,027	—	—	—	9,027
Other	1,576	333	—	—	1,909
<b>Total revenues</b>	<b>177,436</b>	<b>41,608</b>	<b>42,630</b>	<b>(17,802)</b>	<b>243,932</b>
Depreciation and amortization	15,062	14,108	14,367	—	43,537
Income (loss) from operations	66,679	(51,018)	(7,195)	—	8,466
Total assets	114,459	17,300	227,302	—	359,061
Capital expenditures	3,320	8,675	4,363	—	16,358
<b>Year Ended December 31, 2000</b>					
Revenues:					
Exchange fees	\$ 83,789	\$ 18,192	\$ —	\$ —	\$ 101,981
Market data	61,060	—	—	—	61,060
Building	—	—	24,530	—	24,530
CBOT space rent	—	—	16,400	(16,400)	—
Services	17,848	—	—	—	17,848
Members' dues	5,484	—	—	—	5,484
Other	2,046	1,212	—	—	3,258
<b>Total revenues</b>	<b>170,227</b>	<b>19,404</b>	<b>40,930</b>	<b>(16,400)</b>	<b>214,161</b>
Depreciation and amortization	17,092	9,013	13,908	—	40,013
Income (loss) from operations	45,364	(40,608)	(12,914)	—	(8,158)
Total assets	102,173	35,321	236,342	—	373,836
Capital expenditures	8,248	26,963	3,286	—	38,497
<b>Year Ended December 31, 1999</b>					
Revenues:					
Exchange fees	\$ 83,913	\$ 18,632	\$ —	\$ —	\$ 102,545
Market data	54,028	—	—	—	54,028
Building	—	—	22,653	—	22,653
CBOT space rent	—	—	16,400	(16,400)	—
Services	13,920	6,359	—	—	20,279
Members' dues	389	—	—	—	389
Other	4,054	—	—	—	4,054
<b>Total revenues</b>	<b>156,304</b>	<b>24,991</b>	<b>39,053</b>	<b>(16,400)</b>	<b>203,948</b>
Depreciation and amortization	20,974	1,509	13,657	—	36,140
Income (loss) from operations	15,787	(23,422)	(9,720)	—	(17,355)
Total assets	118,327	10,356	244,696	—	373,379
Capital expenditures	11,001	8,488	5,676	—	25,165

### **13. Fair Value of Financial Instruments**

Cash equivalents, accounts receivable and other current assets are carried at amounts which approximate fair value due to their short-term nature. Similarly, liabilities including accounts payable and accrued liabilities, the current portion of long-term debt, funds held for deposit and membership transfers and other liabilities are carried at amounts approximating fair value. Based on a comparison of the terms of the CBOT's existing long-term debt and the terms currently available for similar borrowings, management estimates the fair value of the long-term debt approximates the carrying value.

### **14. Subsequent Events**

In July of 2002, the CBOT entered into a license agreement, effective retroactively to April 1, 2002, with the Eurex Group for the continued use of the a/c/e system through December 2003. This license agreement modified the structure of the CBOT's relationship with the Eurex Group from an alliance to an outsourcing arrangement. As a result, the CBOT relinquished co-ownership of the a/c/e system and has no further joint development obligations with the Eurex Group. In accordance with the agreement, the CBOT is to pay a quarterly fixed fee of 2.5 million euros (equal to \$2.2 million at December 31, 2001) and a quarterly variable fee denominated in euros, which, for contracts existing prior to the execution of the license agreement, is a function of daily a/c/e system volume in excess of the minimum number of contracts specified in the license agreement and the rate that is determined based on the number of contracts traded on the a/c/e system in a single day as specified in the license agreement. For a/c/e system contracts created subsequent to the execution of the license agreement, the variable fee is calculated as a fixed percentage of the exchange fees generated by these contracts. Such fees are recorded as expense in the accounting period to which the fee relates.

On August 26, 2002, the CBOT entered into a license agreement with the Chicago Board Options Exchange, Incorporated ("CBOE") for the use of computer software entitled "CBOEdirect." In accordance with the license agreement, the CBOT is to pay \$10.0 million over a three year period after which the CBOT will be entitled to use the software for an indefinite period of time without additional payments. To reflect this arrangement, the CBOT at the commencement of the license agreement recorded its right to CBOEdirect and an equal liability in the amount of approximately \$9.6 million, which represented the present value of the future payments, calculated using a 4.7% discount rate. The liability will be accreted over its 3 year term, and the asset will be amortized on a straight-line basis over 3 years.

On August 27, 2002, the CBOT announced an agreement to settle a patent infringement lawsuit. In accordance with the settlement agreement, the CBOT is to pay \$15.0 million over a five year period, which consists of an initial payment of \$5.0 million, with five subsequent annual payments of \$2.0 million. In October of 2002, the CBOT obtained a favorable ruling on litigation that had alleged soybean antitrust violations. While this ruling has been appealed, the CBOT believes that no payments by the CBOT to the plaintiffs will be required as a result of such appeal. The effect of the foregoing legal matters was recorded in the third quarter of 2002 and, net of amounts previously accrued, was approximately \$10.7 million of expense (\$6.3 million after tax). This amount is net of a discount of \$1.3 million arising from the determination of the present value of the foregoing annual payments using a 4.7% discount rate.

On September 17, 2002, the Board of Directors approved a modification to the restructuring strategy, described in Note 1, to delay the reorganization of the electronic trading business until the termination of the CBOT's arrangements with the Eurex Group, which is currently expected to occur in December 2003. See Note 1.

### **15. Separation Agreement (unaudited)**

In November of 2002, the CBOT entered into a General Release and Separation Agreement, which terminated the employment of David J. Vitale, the chief executive officer and president. In accordance with the agreement, the CBOT is to continue to pay Mr. Vitale's base salary at a rate of \$1.3 million per annum through

December of 2004 as well as amounts for administrative support services and certain health and 401(k) benefits. Additionally, the CBOT is obligated to pay a performance bonus to Mr. Vitale of \$0.5 million. To reflect this arrangement, in November of 2002, the CBOT recorded severance expense and an equal liability in the amount of approximately \$3.3 million, which represented the present value of the future payments calculated using a 4.7% discount rate. The liability will be accreted over the term of the agreement.

**16. Subsequent Event (unaudited)**

In January 2003, the CBOT board of directors selected LIFFE to become the supplier of the CBOT's electronic trading system upon the expiration of our current arrangements with the Eurex Group. On January 10, 2003, the CBOT entered into a software license agreement with LIFFE for use of the LIFFE CONNECT™ software system, and we expect to enter into other agreements with LIFFE during the first half of 2003 with respect to the implementation and operation of the system.

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
**(Unaudited) (in thousands)**

<u>ASSETS</u>	<u>September 30, 2002</u>	<u>December 31, 2001</u>
<b>Current assets:</b>		
Cash and cash equivalents:		
Unrestricted	\$ 69,610	\$ 50,831
Held under deposit and membership transfers	1,700	2,336
Total cash and cash equivalents	71,310	53,167
Restricted cash	—	491
Accounts receivable—net of allowance of \$3,874 and \$3,908 in 2002 and 2001, respectively	30,430	21,599
Deferred income taxes	1,408	4,012
Other current assets	2,267	3,205
Total current assets	105,415	82,474
<b>Property and equipment:</b>		
Land	34,234	34,234
Buildings and equipment	308,518	306,971
Furnishings and fixtures	153,939	150,467
Computer software and systems	44,279	28,561
Construction in progress	—	1,262
Total property and equipment	540,970	521,495
Less accumulated depreciation and amortization	289,150	259,485
Property and equipment—net	251,820	262,010
Other assets	13,567	14,577
<b>Total assets</b>	<b>\$ 370,802</b>	<b>\$ 359,061</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 19,687	\$ 16,787
Due to joint venture	—	5,169
Funds held for deposit and membership transfers	1,700	2,336
Current portion of long-term debt and license obligation	16,339	18,398
Other current liabilities	22,610	31,460
Total current liabilities	60,336	74,150
<b>Long-term liabilities:</b>		
Deferred income tax liabilities	17,844	16,877
Long-term debt and license obligation	46,041	58,324
Other liabilities	16,785	13,637
Total long-term liabilities	80,670	88,838
Total liabilities	141,006	162,988
<b>Members' equity:</b>		
Members' equity	229,690	196,124
Accumulated other comprehensive income/(loss)	106	(51)
Total members' equity	229,796	196,073
<b>Total liabilities and members' equity</b>	<b>\$ 370,802</b>	<b>\$ 359,061</b>

See notes to condensed consolidated financial statements (unaudited)

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited) (in thousands)**

	Nine Months Ended September 30,	
	2002	2001
<b>Revenues:</b>		
Exchange fees	\$ 155,617	\$ 91,747
Market data	44,255	49,888
Building	19,882	18,897
Services	12,000	9,592
Dues	—	6,830
Other	2,640	1,439
<b>Total revenues</b>	<b>234,394</b>	<b>178,393</b>
<b>Expenses:</b>		
Salaries and benefits	44,002	44,337
Depreciation and amortization	29,579	32,810
Professional services	19,991	11,966
General and administrative expenses	8,010	10,001
Building operating costs	17,364	16,724
Information technology services	28,570	29,717
Contracted license fees	7,621	—
Programs	1,576	1,280
Loss on impairment of long-lived assets	6,244	—
Interest	3,704	5,280
Litigation	10,735	3,000
Severance and related costs	299	4,936
<b>Operating expenses</b>	<b>177,695</b>	<b>160,051</b>
<b>Income from operations</b>	<b>56,699</b>	<b>18,342</b>
<b>Income taxes (credit)</b>		
Current	19,813	13,034
Deferred	3,571	(5,548)
<b>Total income taxes</b>	<b>23,384</b>	<b>7,486</b>
<b>Income before cumulative effect of change in accounting principle</b>	<b>33,315</b>	<b>10,856</b>
Cumulative effect of change in accounting principle—net of tax	—	(51)
<b>Net income</b>	<b>\$ 33,315</b>	<b>\$ 10,805</b>

See notes to condensed consolidated financial statements (unaudited)

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY**  
**(Unaudited) (in thousands)**

	<u>Members' Equity</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
Balance—December 31, 2000	\$ 191,320	\$ —	\$191,320
Comprehensive income:			
Net income	10,805		10,805
Transition adjustment for adoption of new accounting pronouncement		462	
Unrealized gains and losses on foreign exchange forward contracts		(1,223)	
Reclass of foreign exchange forward contract gains and losses—net		928	
Tax effect		(67)	
Total accumulated other comprehensive loss		100	100
Total comprehensive income			10,905
Capital contributions	293		293
Balance—September 30, 2001	<u>\$ 202,418</u>	<u>\$ 100</u>	<u>\$202,518</u>
Balance—December 31, 2001	\$ 196,124	\$ (51)	\$196,073
Comprehensive income:			
Net income	33,315		33,315
Unrealized gains and losses on foreign exchange forward contracts		1,211	
Reclass of foreign exchange forward contract gains and losses—net		(950)	
Tax effect		(104)	
Total accumulated other comprehensive loss		157	157
Total comprehensive income			33,472
Capital contributions	251		251
Balance—September 30, 2002	<u>\$ 229,690</u>	<u>\$ 106</u>	<u>\$229,796</u>

See notes to condensed consolidated financial statements (unaudited)



**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited) (in thousands)**

	Nine Months Ended September 30,	
	2002	2001
Cash flows from operating activities:		
Net income (loss)	\$ 33,315	\$ 10,805
Adjustments to reconcile net income to net cash flows from operating activities:		
Cumulative effect of change in accounting principle	—	87
Depreciation and amortization	29,579	32,810
Allowance for bad debts	(34)	1,546
Loss on impairment of long-lived assets	6,244	—
Gain/loss on foreign currency translation	(1,175)	378
Loss on sale or retirement of fixed assets	136	1,345
Deferred income taxes (benefit)	3,571	(5,548)
Changes in assets and liabilities	(15,436)	3,178
Net cash flows from operating activities	56,200	44,601
Cash flows from investing activities:		
Acquisition of property and equipment	(14,375)	(10,336)
Proceeds from sale of property and equipment	28	68
Investment in joint ventures	(683)	—
Restricted cash	491	(161)
Net cash flows used in investing activities	(14,539)	(10,429)
Cash flows from financing activities:		
Repayments of borrowings	(23,769)	(32,137)
Proceeds from borrowings	—	18,675
Capital contributions from members	251	293
Net cash flows used in financing activities	(23,518)	(13,169)
Net increase (decrease) in cash and cash equivalents	18,143	21,003
Cash and cash equivalents—beginning of period	53,167	28,205
Cash and cash equivalents—end of period	\$ 71,310	\$ 49,208
Cash paid for:		
Interest	\$ 4,825	\$ 5,744
Income taxes	\$ 22,200	\$ 7,430
Non cash financing activity:		
Software license obligation	\$ 9,559	\$ —

See notes to condensed consolidated financial statements (unaudited)

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**

**I. Summary of Significant Accounting Policies**

*Basis of presentation*

The accompanying unaudited condensed consolidated financial statements of the Board of Trade of the City of Chicago, Inc., its wholly owned subsidiaries, and its controlled subsidiary, Ceres Trading Limited Partnership ("Ceres") (collectively, the "CBOT") have been prepared in accordance with Accounting Principles Board Opinion No. 28 and Rule 10-01 of Regulation S-X promulgated by the Securities and Exchange Commission (the "SEC"). The condensed consolidated financial statements include the accounts of the CBOT. All significant intercompany balances and transactions have been eliminated in consolidation. These condensed consolidated financial statements do not include all of the necessary disclosures required for complete financial statements.

In the opinion of the CBOT's management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the CBOT's financial position as of September 30, 2002 and December 31, 2001 and its results of operations and cash flows for the nine month interim periods ended September 30, 2002 and 2001. Interim period operating results may not be indicative of the operating results for a full year. This information should be read in conjunction with the audited consolidated financial statements and notes thereto as of December 31, 2001 and 2000 and for each year in the three year period ended December 31, 2001.

For a summary of significant accounting policies (which have not significantly changed from December 31, 2001) and additional information, see note 1 to the audited December 31, 2001 consolidated financial statements.

*Use of estimates*

The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States, hereafter referred to as "generally accepted accounting principles," requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Reclassifications*

Certain reclassifications have been made to prior period amounts to conform to current period presentations.

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### 2. Debt and License Obligation

Debt and license obligation at September 30, 2002 and December 31, 2001 consisted of the following (in thousands):

	September 30, 2002	December 31, 2001
Private placement senior notes, due in annual installments through 2007, at an annual interest rate of 6.81%	\$ 53,571	\$ 64,286
License obligation to CBOE	8,809	—
Secured note payable, due in 2004, at an annual interest rate of 8.25%	—	7,990
Note payable to the Eurex Group, due in April 2002, at an annual interest rate of 6.25%	—	4,446
<b>Total</b>	<b>62,380</b>	<b>76,722</b>
Less current portion	16,339	18,398
<b>Total</b>	<b>\$ 46,041</b>	<b>\$ 58,324</b>

In April 2002, the secured note payable, due 2004 and related accrued interest was paid in full.

On August 26, 2002, the CBOT entered into a license agreement with the Chicago Board Options Exchange, Incorporated (“CBOE”) for the use of computer software entitled “CBOEdirect.” In accordance with the license agreement, the CBOT is to pay \$10.0 million over a three year period after which the CBOT will be entitled to use the software for an indefinite period of time without additional payments. To reflect this arrangement, the CBOT at the commencement of the license agreement recorded its right to CBOEdirect and an equal liability in the amount of approximately \$9.6 million, which represented the present value of the future payments, calculated using a 4.7% discount rate. The liability will be accreted over its 3 year term, and the asset will be amortized on a straight-line basis over 3 years.

### 3. Commitments

The CBOT, through Ceres, has commitments with Deutsche Börse Systems for approximately \$29.6 million (30.0 million euros) as of September 30, 2002 to fund the operations of the CBOT’s current electronic trading platform. These payments are due at various times through December 2003 as follows (in thousands):

2002	\$ 5,922
2003	23,688

In July of 2002, the CBOT entered into a license agreement, effective retroactively to April 1, 2002, with the Eurex Group for the continued use of the a/c/e system through December 2003. This license agreement modified the structure of the CBOT’s relationship with the Eurex Group from an alliance to an outsourcing arrangement. As a result, the CBOT relinquished co-ownership of the a/c/e system and has no further joint development obligations. In accordance with the agreement, the CBOT is to pay a quarterly fixed fee of 2.5 million euros (equal to \$2.5 million at September 30, 2002) and a quarterly variable fee denominated in euros, which, for contracts existing prior to the execution of the license agreement, is a function of daily a/c/e system volume in excess of the minimum number of contracts specified in the license agreement and the rate that is determined based on the number of contracts traded on the a/c/e system in a single day as specified in the license agreement. For a/c/e system contracts created subsequent to the execution of the license agreement, the variable fee is calculated as a fixed percentage of the exchange fees generated by these contracts.

### 4. Foreign Currency Forward Contracts

At September 30, 2002, the CBOT had foreign exchange forward contracts with a financial institution to hedge its risk of foreign currency fluctuations related to certain liabilities and commitments in euros with Eurex and related entities.

Foreign exchange forward contracts identified to liabilities and commitments as cash flow type hedges had notional amounts approximating \$13.6 million (14.5 million euros) at September 30, 2002. A gain before income taxes of approximately \$0.2 million on these contracts was recorded as part of other comprehensive income at September 30, 2002, which is expected to be reclassified into earnings as the commitments are recorded and as the foreign exchange forward contracts mature, which is expected to occur by March 31, 2003.

**5. Litigation**

On August 27, 2002, the CBOT announced an agreement to settle a patent infringement lawsuit. In accordance with the settlement agreement, the CBOT is to pay \$15.0 million over a five year period, which consists of an initial payment of \$5.0 million, with five subsequent annual payments of \$2.0 million. In October of 2002, the CBOT obtained a favorable ruling on litigation that had alleged soybean antitrust violations. While this ruling has been appealed, the CBOT believes that no payments by the CBOT to the plaintiffs will be required as a result of such appeal. The effect of the foregoing legal matters was recorded in the third quarter of 2002 and, net of amounts previously accrued, was approximately \$10.7 million of expense (\$6.3 million after tax). This amount is net of a discount of \$1.3 million arising from the determination of the present value of the foregoing annual payments using a 4.7% discount rate.

**6. Operating Segments**

Management has identified three reportable operating segments: exchange floor trading, electronic trading and real estate operations. The exchange floor trading segment primarily consists of revenue and expenses from traditional open outcry trading activities and the sale of related market data to vendors. The electronic trading segment consists of the revenue and expenses from trading activities on the electronic trading platform through our subsidiary, Ceres. The real estate operations segment consists of revenues and expenses from renting and managing the real estate owned by the CBOT. The CBOT allocates certain business activities to each operating segment based on trading volume and other factors. The CBOT evaluates segment performance based on revenues and income from operations. Intercompany transactions between segments have been eliminated. A summary by operating segment follows (in thousands):

	<u>Exchange Floor Trading</u>	<u>Electronic Trading</u>	<u>Real Estate Operations</u>	<u>Eliminations</u>	<u>Total</u>
<b>Nine Months Ended September 30, 2002</b>					
Revenues:					
Exchange fees	\$ 78,455	\$ 77,162	\$ —	\$ —	\$ 155,617
Market data	44,255	—	—	—	44,255
Building	—	—	19,882	—	19,882
CBOT space rent	—	—	12,913	(12,913)	—
Services	10,774	1,226	—	—	12,000
Other	1,707	933	—	—	2,640
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	135,191	79,321	32,795	(12,913)	234,394
Depreciation and amortization	9,270	9,569	10,740	—	29,579
Income (loss) from operations	55,420	4,587	(3,308)	—	56,699
Total assets	144,628	14,193	211,981	—	370,802
Capital expenditures	18,320	4,717	897	—	23,934
<b>Nine Months Ended September 30, 2001</b>					
Revenues:					
Exchange fees	\$ 64,023	\$ 27,724	\$ —	\$ —	\$ 91,747
Market data	49,888	—	—	—	49,888
Building	—	—	18,897	—	18,897
CBOT space rent	—	—	13,352	(13,352)	—
Services	8,396	1,196	—	—	9,592
Members' dues	6,830	—	—	—	6,830
Other	1,191	248	—	—	1,439
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	130,328	29,168	32,249	(13,352)	178,393
Depreciation and amortization	8,987	9,720	14,103	—	32,810
Income (loss) from operations	51,854	(25,950)	(7,562)	—	18,342
Total assets	107,137	37,731	227,770	—	372,638
Capital expenditures	476	8,675	1,185	—	10,336

#### **7. Separation Agreement**

In November of 2002, the CBOT entered into a General Release and Separation Agreement, which terminated the employment of David J. Vitale, the chief executive officer and president. In accordance with the agreement, the CBOT is to continue to pay Mr. Vitale's base salary at a rate of \$1.3 million per annum through December of 2004 as well as amounts for administrative support services and certain health and 401(k) benefits. Additionally, the CBOT is obligated to pay a performance bonus to Mr. Vitale of \$0.5 million. To reflect this arrangement, in November of 2002, the CBOT recorded severance expense and an equal liability in the amount of approximately \$3.3 million, which represented the present value of the future payments calculated using a 4.7% discount rate. The liability will be accreted over the term of the agreement.

#### **8. LIFFE Agreement**

In January 2003, the CBOT board of directors selected LIFFE to become the supplier of the CBOT's electronic trading system upon the expiration of our current arrangements with the Eurex Group. On January 10, 2003, the CBOT entered into a software license agreement with LIFFE for use of the LIFFE CONNECT™ software system, and we expect to enter into other agreements with LIFFE during the first half of 2003 with respect to the implementation and operation of the system.

**APPENDIX B**  
**PRO FORMA FINANCIAL INFORMATION**  
**OF BOARD OF TRADE OF THE CITY OF CHICAGO, INC. AND SUBSIDIARIES**  
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**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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**UNAUDITED PRO FORMA CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed consolidated financial statements give effect to the issuance of 39,802,650 shares of common stock, in connection with the proposed demutualization as described elsewhere in this document as if it had occurred (a) as of September 30, 2002, for purposes of the unaudited pro forma condensed consolidated statement of financial condition, and (b) as of the beginning of the year ended December 31, 2001 for purposes of the unaudited pro forma condensed consolidated statements of income and the condensed consolidated statement of members' equity and stockholders' equity.

The number of shares used in the calculation of net income (loss) per share is based on the shares to be issued to the members and are assumed to be outstanding from the beginning of the period.

The unaudited pro forma condensed consolidated financial statements are based on available information and on assumptions management believes are reasonable and that reflect the effects of the transactions described above. These unaudited pro forma condensed consolidated financial statements are provided for informational purposes only and should not be construed to be indicative of the CBOT's consolidated financial position or results of operations had these transactions been consummated on the dates assumed and do not in any way represent a projection or forecast of the CBOT's consolidated financial position or results of operations for any future date or period. The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the CBOT, together with the related notes and report of independent auditors, and with the information set forth under our "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Our Business."

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
AND SUBSIDIARIES**

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED  
STATEMENT OF FINANCIAL CONDITION**

**September 30, 2002  
(in thousands)**

	ASSETS	Actual	Issuance of Common Stock	
			Pro Forma Adjustments	Pro Forma
<b>Current assets:</b>				
Cash and cash equivalents:				
Unrestricted		\$ 69,610	\$ —	\$ 69,610
Held under deposit and membership transfers		1,700		1,700
Total cash and cash equivalents		71,310	—	71,310
Accounts receivable—net		30,430		30,430
Deferred income taxes		1,408		1,408
Other current assets		2,267		2,267
Total current assets		105,415	—	105,415
<b>Property and equipment:</b>				
Land		34,234		34,234
Buildings and equipment		308,518		308,518
Furnishings and fixtures		153,939		153,939
Computer software and systems		44,279		44,279
Total property and equipment		540,970	—	540,970
Less accumulated depreciation and amortization		289,150		289,150
Property and equipment—net		251,820	—	251,820
Other assets		13,567		13,567
<b>Total assets</b>		<b>\$370,802</b>	<b>\$ —</b>	<b>\$ 370,802</b>
<b>LIABILITIES, MEMBERS' EQUITY AND STOCKHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Accounts payable		\$ 19,687	\$ —	\$ 19,687
Funds held for deposit and membership transfers		1,700		1,700
Current portion of long-term debt and license obligation		16,339		16,339
Other current liabilities		22,610		22,610
Total current liabilities		60,336	—	60,336
<b>Long-term liabilities:</b>				
Deferred income taxes		17,844		17,844
Long-term debt and license obligation		46,041		46,041
Other liabilities		16,785		16,785
Total long-term liabilities		80,670	—	80,670
Total liabilities		141,006	—	141,006
Members' equity		229,690	(229,690)	—
Common stock		—	40	40
Additional paid-in capital		—	229,650	229,650
Accumulated other comprehensive income		106		106
Total liabilities, members' equity and stockholders' equity		\$370,802	\$ —	\$ 370,802

The accompanying introduction and notes are an integral part of this Unaudited Pro Forma Consolidated Statement of Financial Condition.



**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
AND SUBSIDIARIES**

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
**For the Nine Months Ended September 30, 2002**  
**(in thousands, except per share data)**

	Actual	Issuance of Common Stock	
		Pro Forma Adjustments	Pro Forma
<b>Revenues:</b>			
Exchange fees	\$ 155,617	\$ —	\$ 155,617
Market data	44,255		44,255
Building	19,882		19,882
Services	12,000		12,000
Other	2,640		2,640
<b>Total revenues</b>	<b>234,394</b>	<b>—</b>	<b>234,394</b>
<b>Expenses:</b>			
Salaries and benefits	44,002		44,002
Depreciation and amortization	29,579		29,579
Professional services	19,991		19,991
General and administrative expenses	8,010		8,010
Building operating costs	17,364		17,364
Information technology services	28,570		28,570
Contracted license fees	7,621		7,621
Programs	1,576		1,576
Loss in impairment of long-lived assets	6,244		6,244
Interest	3,704		3,704
Litigation	10,735		10,735
Other	299		299
<b>Operating expenses</b>	<b>177,695</b>	<b>—</b>	<b>177,695</b>
Income from operations	56,699	—	56,699
Total income taxes (credit)	23,384	—	23,384
<b>Net income</b>	<b>\$ 33,315</b>	<b>\$ —</b>	<b>\$ 33,315</b>
<b>Net income per share</b>			<b>\$ 0.84</b>
Shares used in the calculation of net income per share			39,803

The accompanying introduction and notes are an integral part of  
this Unaudited Pro Forma Consolidated Statement of Income.

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
AND SUBSIDIARIES**

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME**

**For the Year Ended December 31, 2001  
(in thousands, except per share data)**

	Actual	Issuance of Common Stock	
		Pro Forma Adjustments	Pro Forma
<b>Revenues:</b>			
Exchange fees	\$ 129,030	\$ —	\$ 129,030
Market data	66,509		66,509
Building	24,828		24,828
Services	12,629		12,629
Dues	9,027		9,027
Other	1,909		1,909
<b>Total revenues</b>	<b>243,932</b>	<b>—</b>	<b>243,932</b>
<b>Expenses:</b>			
Salaries and benefits	58,545		58,545
Depreciation and amortization	43,537		43,537
Professional services	20,013		20,013
General and administrative expenses	12,840		12,840
Building operating costs	22,961		22,961
Information technology services	40,904		40,904
Programs	1,847		1,847
Loss on impairment of long-lived assets	15,210		15,210
Interest	6,734		6,734
Litigation	3,000		3,000
Severance and related costs	9,875		9,875
<b>Operating expenses</b>	<b>235,466</b>	<b>—</b>	<b>235,466</b>
Income from operations	8,466	—	8,466
Total income taxes (credit)	4,002	—	4,002
Income before cumulative effect of change in accounting principle	4,464	—	4,464
Cumulative effect of change in accounting principle—net of tax	(51)		(51)
<b>Net income</b>	<b>\$ 4,413</b>	<b>\$ —</b>	<b>\$ 4,413</b>
<b>Net income per share</b>			<b>\$ 0.11</b>
<b>Shares used in the calculation of net income per share</b>			<b>39,803</b>

The accompanying introduction and notes are an integral part of  
this Unaudited Pro Forma Consolidated Statement of Income.

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
AND SUBSIDIARIES**

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT  
OF MEMBERS' EQUITY AND STOCKHOLDERS' EQUITY**

**For the Nine Months Ended September 30, 2002**  
**(in thousands, except per share data)**

	Actual	Issuance of Common Stock	
		Pro Forma Adjustments	Pro Forma
Members' equity:			
Members' equity	\$ 229,690	\$ (229,690)	\$ —
Accumulated other comprehensive income	106	(106)	—
Total members' equity	229,796	(229,796)	—
Stockholders' equity:			
Common stock, \$0.001 par value, 39,802,650 shares authorized, 39,802,650 issued and outstanding		40	40
Additional paid-in capital		229,650	229,650
Accumulated other comprehensive income		106	106
Total stockholders' equity	—	\$ 229,796	\$ 229,796

The accompanying introduction and notes are an integral part of  
this Unaudited Pro Forma Consolidated Statement of Members' Equity and Stockholders' Equity.

**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The Unaudited Pro forma Condensed Consolidated Financial Statements reflect such adjustments as necessary, in the opinion of management, to reflect the conversion of members' equity to common stock of CBOT Holdings.

Pro forma adjustments reflect the issuance of common stock and the conversion of members' equity into stockholders' equity, which is comprised of common stock and additional paid-in capital. Immediately following completion of the restructuring transactions, 39,802,650 shares of common stock, with a par value of \$0.001 per share will be issued and outstanding. Accordingly, common stock will have a value of \$39,803 with the remaining equity balance of approximately \$217,615,000 being transferred to additional paid-in capital. Accumulated other comprehensive income does not change.

The CBOT has estimated \$18,857,000 for total expenses to be incurred in connection with the restructuring transactions. Through December 31, 2000, the CBOT recognized \$11,600,000 of these expenses. For the nine months ended September 30, 2002 and the year ended December 31, 2001, the CBOT recognized \$2,244,000 and \$4,567,000, respectively of these expenses in the Unaudited Pro forma Condensed Consolidated Statements of Income. The balance of the estimated expenses to be incurred in connection with the restructuring transactions, which approximates \$1,125,000, is expected to be expended in the first half of 2003.

Net income per share for the nine months ended September 30, 2002 and the year ended December 31, 2001 is calculated as follows (in thousands, except per share amounts):

	<u>September 30, 2002</u>	<u>December 31, 2001</u>
	<u>After Issuance of Common Stock</u>	<u>After Issuance of Common Stock</u>
Net income	\$ 33,315	\$ 4,413
Weighted average shares outstanding	39,803	39,803
Net income per common share	\$ 0.84	\$ 0.11

APPENDIX C

FORM OF AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this "*Agreement*") is made and entered into as of \_\_\_\_\_, 2003, by and among (1) the Board of Trade of the City of Chicago, Inc., a Delaware nonstock corporation ("*CBOT*"), (2) CBOT Merger Sub, Inc., a Delaware nonstock corporation ("*CBOT Merger Sub*") and wholly owned subsidiary of CBOT Holdings, Inc., a Delaware stock corporation ("*CBOT Holdings*") and a wholly owned subsidiary of CBOT, and (3) CBOT Holdings. CBOT, CBOT Merger Sub and CBOT Holdings are referred to collectively herein as the "*Parties*." Capitalized terms used but not otherwise defined herein shall have the meaning assigned to them in the CBOT's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, which includes the CBOT's Rules and Regulations (collectively, the "*CBOT Organization Documents*"), in each case, as may be amended from time to time prior to the Effective Time (as hereinafter defined) in accordance with the terms of the CBOT Organization Documents and applicable law.

WHEREAS, CBOT is pursuing a strategic restructuring involving, among other things, (A) the demutualization of CBOT by creating CBOT Holdings as a stock, for-profit holding company and (B) the modernization of CBOT's corporate governance structure, in each case as further described in the Registration Statement (as defined below) (collectively, the "*Restructuring Transactions*");

WHEREAS, as part of, and in order to effectuate, the Restructuring Transactions, prior to the Merger (hereinafter defined), the board of directors of CBOT shall declare a dividend to the members of CBOT, with such dividend consisting of shares of common stock of CBOT Holdings (the "*Dividend*");

WHEREAS, as part of, and in order to effectuate, the Restructuring Transactions, CBOT Merger Sub will merge with and into CBOT pursuant to this Agreement, with CBOT surviving and becoming a subsidiary of CBOT Holdings (the "*Merger*");

WHEREAS, immediately following the effective time of the Merger, the members of CBOT will receive payment of the Dividend consisting of shares of the common stock of CBOT Holdings;

WHEREAS, the boards of directors of CBOT, CBOT Merger Sub and CBOT Holdings have each determined that this Agreement and the Merger are advisable and approved, adopted and authorized the Merger, this Agreement and their respective performance of their respective obligations hereunder.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged and agreed, the Parties hereby agree as follows:

ARTICLE I

BASIC TRANSACTION

A. *The Merger.*

(1) *General.* On the terms and subject to the conditions of this Agreement, CBOT Merger Sub shall merge with and into CBOT (as of the Effective Time (as defined below)), with CBOT as the surviving entity (sometimes referred to herein as the "*Surviving Corporation*"), and CBOT shall file a certificate of merger (the "*Certificate of Merger*") with the Secretary of State of the State of Delaware and make all other filings or recordings required by Delaware law in order to effectuate the Merger. The Merger shall become effective at

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such time as CBOT files the Certificate of Merger or as is otherwise specified in the Certificate of Merger (*the "Effective Time"*). The Surviving Corporation may, at any time after the Effective Time, take any action (including executing and delivering any document) in the name of and on behalf of CBOT Merger Sub, CBOT or the members of the CBOT immediately prior to the Effective Time that the Surviving Corporation, in its sole and conclusive discretion, deems necessary or advisable in order to effect the transactions contemplated by this Agreement.

(2) *Surviving Entity.* At the Effective Time, CBOT Merger Sub shall be merged with and into CBOT, whereupon the separate existence of the CBOT Merger Sub shall cease, and CBOT shall be the surviving entity of the Merger in accordance with Section 255 of the Delaware General Corporation Law.

(3) *Closing.* The closing of the Merger (*the "Closing"*) shall take place at the offices of Kirkland & Ellis, 200 East Randolph Drive, Chicago, Illinois, 60601, or at such other place, date and time as CBOT may determine (*the "Closing Time"*), which time shall be on or after the time at which all conditions to consummate the transactions contemplated hereby are satisfied or waived by CBOT.

(4) *Certificate of Incorporation; Bylaws; Rules and Regulations; Name.* From and after the Effective Time, and until thereafter amended in accordance with applicable law, the Amended and Restated Certificate of Incorporation attached to this Agreement and set forth as Appendix H to the proxy statement and prospectus (*the "Proxy Statement and Prospectus"*) contained in the Registration Statement (hereinafter defined) shall be the Amended and Restated Certificate of Incorporation of the Surviving Corporation (*the "Surviving Charter"*). From and after the Effective Time, and until thereafter amended in accordance with applicable law, the Bylaws attached to this Agreement and set forth as Appendix I to the Proxy Statement and Prospectus, which shall include the Rules and Regulations of the CBOT in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation (*the "Surviving Bylaws"* and together with the Surviving Charter, the *"Surviving Organization Documents"*).

(5) *Name.* The name of the Surviving Corporation shall remain "Board of Trade of the City of Chicago, Inc."

(6) *Directors and Officers.* At the Effective Time, the directors and officers of CBOT in office immediately prior to the Effective Time shall become the directors and officers of the Surviving Corporation and shall, in such capacity, retain their respective positions and terms of office and tenures held thereby immediately prior to the Effective Time.

B. *Conversion and Exchange of Memberships.* At the Effective Time, by virtue of the Merger and without any action on the part of CBOT, CBOT Holdings, CBOT Merger Sub or any other Person:

(1) Each CBOT Full Membership issued and outstanding as of immediately prior to the Effective Time shall be converted into and exchanged for one (1) Series B-1, Class B membership and one (1) Class C membership in the Surviving Corporation with such rights, privileges and obligations as set forth in the Surviving Organization Documents.

(2) Each CBOT Associate Membership issued and outstanding as of immediately prior to the Effective Time shall be converted into and exchanged for one (1) Series B-2, Class B membership in the Surviving Corporation with such rights, privileges and obligations as set forth in the Surviving Organization Documents.

(3) Each CBOT one-half participation interest in an Associate Membership issued and outstanding as of immediately prior to the Effective Time shall be converted into and exchanged for one (1) Series B-3, Class B membership in the Surviving Corporation with such rights, privileges and obligations as set forth in the Surviving Organization Documents.

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(4) Each CBOT GIM Membership issued and outstanding as of immediately prior to the Effective Time shall be converted into and exchanged for one (1) Series B-3, Class B membership in the Surviving Corporation with such rights, privileges and obligations as set forth in the Surviving Organization Documents.

(5) Each CBOT IDEM Membership issued and outstanding as of immediately prior to the Effective Time shall be converted into and exchanged for one (1) Series B-4, Class B membership in the Surviving Corporation with such rights, privileges and obligations as set forth in the Surviving Organization Documents.

(6) Each CBOT COM Membership issued and outstanding as of immediately prior to the Effective Time shall be converted into and exchanged for one (1) Series B-5, Class B membership in the Surviving Corporation with such rights, privileges and obligations as set forth in the Surviving Organization Documents.

(7) The sole membership in CBOT Merger Sub issued and outstanding as of immediately prior to the Effective Time shall be converted into and exchanged for one (1) Class A membership in the Surviving Corporation with such rights, privileges and obligations as set forth in the Surviving Organization Documents.

Accordingly, from and after the Effective Time, the holder(s) of record of (i) CBOT Full Memberships immediately prior to the Effective Time shall be deemed to be the holders of Series B-1, Class B memberships and Class C memberships in the Surviving Corporation for and into which such CBOT Full Memberships are exchanged and converted, (ii) CBOT Associate Memberships immediately prior to the Effective Time shall be deemed to be the holders of Series B-2, Class B memberships in the Surviving Corporation for and into which such CBOT Associate Memberships are exchanged and converted, (iii) CBOT one-half participation interests in Associate Memberships immediately prior to the Effective Time shall be deemed to be holders of Series B-3, Class B memberships in the Surviving Corporation for and into which such CBOT one-half participation interests in an Associate Membership, are exchanged and converted, (iv) CBOT GIM Memberships immediately prior to the Effective Time shall be deemed to be holders of Series B-3, Class B memberships in the Surviving Corporation for and into which such CBOT GIM Memberships are exchanged and converted, (v) CBOT IDEM Memberships immediately prior to the Effective Time shall be deemed to be the holders of Series B-4, Class B memberships in the Surviving Corporation for and into which such CBOT IDEM Memberships are exchanged and converted, (vi) CBOT COM Memberships immediately prior to the Effective Time shall be deemed to be the holders of Series B-5, Class B memberships in the Surviving Corporation for and into which such CBOT COM Memberships are exchanged and converted, and (vii) the sole membership in CBOT Merger Sub immediately prior to the Effective Time shall be deemed to be the holder of the Class A membership in the Surviving Corporation for and into which such membership in CBOT Merger Sub is exchanged and converted, in each case, pursuant to the provisions of this Article I.B.

C. *Closing of Transfer Records.* From and after the Effective Time, transfers of CBOT Full Memberships, Associate Memberships, one-half participation interests in Associate Memberships, GIM Memberships, IDEM Memberships and COM Memberships outstanding prior to the Effective Time shall not be made on the books and records of the Surviving Corporation or otherwise.

## ARTICLE II

### CONDITIONS TO CLOSE

The obligation of the Parties to consummate the transactions contemplated hereby is subject to (A) the approval and adoption by the CBOT membership in accordance with applicable law of this Agreement and the Merger contemplated hereby, pursuant to a combined proxy statement and prospectus, dated \_\_\_\_\_, 2002, contained in that certain Registration Statement on Form S-4, Registration No. 333-72184, filed by CBOT Holdings relating to the Restructuring Transactions (as amended, the “*Registration Statement*”), and (B) satisfaction (or waiver by CBOT) of all other conditions to CBOT’s obligation to complete the Restructuring Transactions as described in the Registration Statement.

**ARTICLE III  
TERMINATION**

- A. *Termination of Agreement.* To the fullest extent permitted by applicable law, CBOT may, in its sole and exclusive discretion, terminate this Agreement at any time prior to the Effective Time.
- B. *Effect of Termination.* If CBOT terminates this Agreement pursuant to Article III, A. above, all rights and obligations of the Parties shall terminate without any liability of any Party or Person to any other Party or Person.

**ARTICLE IV  
MISCELLANEOUS**

- A. *No Third Party Beneficiaries.* This Agreement shall not confer any rights or remedies upon any person or entity other than the Parties and their respective successors and permitted assigns.
- B. *Entire Agreement.* This Agreement constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they related in any way to the subject matter hereof.
- C. *Succession and Assignment.* This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Parties.
- D. *Counterparts.* This Agreement may be executed in one or more counterparts (including by means of telecopied signatures), each of which shall be deemed an original but all of which together will constitute one and the same instrument.
- E. *Headings.* The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.
- F. *Governing Law.* This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.
- G. *Amendments and Waivers.* To the fullest extent permitted by applicable law, the Parties may mutually amend any provision of this Agreement at any time prior to the Effective Time with the prior authorization of their respective boards of directors. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties.
- H. *Severability.* Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.
- I. *Construction.* Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context otherwise requires. The term “including” shall mean “including without limitation” and all variants shall have similarly inclusive, but not limiting, meanings.



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J. *Further Assurances.* From time to time, as and when requested by either Party hereto, the other Party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions, which documents, instruments or actions are consistent with, and customary and necessary for, the consummation of the transactions contemplated by this Agreement.

\* \* \* \*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

BOARD OF TRADE OF THE CITY OF CHICAGO, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

CBOT MERGER SUB, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

CBOT HOLDINGS, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

APPENDIX D

OPINION OF WILLIAM BLAIR & COMPANY, L.L.C.

September 17, 2002

The Independent Allocation Committee of the Board of Directors of  
the Board of Trade of the City of Chicago, Inc.  
The Board of Directors of the Board of Trade of the City of Chicago, Inc.  
141 West Jackson Blvd.  
Chicago, IL 60604

Gentlemen:

We understand that the Board of Trade of the City of Chicago, Inc., a Delaware nonstock, not-for-profit corporation (the "CBOT") intends to implement a series of restructuring transactions, which are designed to restructure and demutualize the CBOT. In connection with the initial proposal for such restructuring and demutualization ("Initial Restructuring Proposal"), you previously requested, and we delivered, our opinion dated May 5, 2000 (the "May 5 Opinion") as to the fairness, from a financial point of view, of the allocation of ownership described below (the "Allocation") among the members and holders of membership interests (the "Members") of the CBOT with respect to their respective memberships (the "Memberships").

In August 2000, the Initial Restructuring Proposal was substantially revised (the "Revised Restructuring Proposal"). At your request, we updated our May 5 Opinion on November 21, 2000 and January 16, 2001 in light of the Revised Restructuring Proposal. In September, 2001, you further modified and amended the Revised Restructuring Proposal to provide for the restructuring and demutualization of the CBOT by (i) creating a Delaware stock, for-profit holding company ("CBOT Holdings") that will own the Class A membership (described below) in a Delaware for-profit, non stock successor of the CBOT (the "CBOT Subsidiary") and (ii) distributing shares of CBOT Holdings to those members of the CBOT who were members immediately prior to completing such transactions (collectively the "Restructuring Transactions"). At your request we updated the January 16 Opinion on September 24, 2001 and December 18, 2001 (the "December 18 Opinion") in connection with the Restructuring Transactions.

We understand that, as part of the Restructuring Transactions, the CBOT will declare and pay a dividend of common stock of CBOT Holdings to each Member. The common stock of CBOT Holdings will consist of a single class (not divided into series) with customary voting, liquidation and dividend rights, which, immediately following completion of the Restructuring Transactions, will represent all of the equity value and equity voting power of CBOT Holdings. Shares of common stock of CBOT Holdings will be issued to each member in accordance with the Allocation ratio in respect of his or her Membership. In addition, we understand that the CBOT will become a Delaware nonstock, for-profit corporation and a subsidiary of CBOT Holdings, and issue new Class A, Class B and Class C memberships. The sole Class A membership in the CBOT Subsidiary will be held by CBOT Holdings and will entitle CBOT Holdings to (a) receive all distributions, dividends and proceeds upon liquidation from the CBOT Subsidiary, and (b) the exclusive right to vote on most matters requiring a vote of the members of the CBOT Subsidiary. Each Member of the CBOT will receive one of the five series of Class B memberships in the CBOT Subsidiary in respect of each Membership held by such Member (i.e., each Full Member, Associate Member, GIM, IDEM and COM will receive one Series B-1, Series B-2, Series B-3, Series B-4 and Series B-5, Class B membership in the CBOT Subsidiary, respectively). Each Class B membership will, subject to satisfaction of applicable membership and eligibility requirements, entitle the holder to trading rights and privileges that correspond to such holder's current class of membership in the CBOT. In addition, each Full Member will receive one Class C membership in the CBOT Subsidiary, which, subject to satisfaction of certain requirements, will entitle the holder to become a member of the Chicago Board Options Exchange Incorporated (the "CBOE") at no additional cost. The holders of Class B and Class C memberships will generally not have voting rights with respect to matters requiring a vote of the members of the CBOT Subsidiary, except that

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holders of Series B-1 and Series of B-2, Class B memberships will have voting rights to amend the bylaws of the CBOT Subsidiary and to approve changes that would adversely affect certain core rights of Class B memberships.

You have now advised us that you have added to the Restructuring Transactions a restriction (the "Restriction") against any transfer of common stock of CBOT Holdings or a Class B membership in the CBOT Subsidiary except (i) in a transfer of the Class B membership together with a transfer to the same transferee of the number of shares issued with such Class B membership in the Restructuring Transactions; (ii) transfers by operation of law; or (iii) transfers with the consent of the board of directors of CBOT Holdings (for a separate transfer of stock) or the board of directors of the CBOT Subsidiary (for a separate transfer of a Class B membership). The Restriction does not prevent separate sale of a Class C membership, although use of a Class C membership to trade on the CBOE requires ownership of a Class B-1 membership and the number of shares of common stock of CBOT Holdings issued with such Class B-1 membership in the Restructuring Transaction. As in the case of our previous opinions, the Allocation does not reflect a valuation, comparative or otherwise, of the trading rights and privileges and the CBOE exercise right, either before or after the Restructuring Transactions.

You have asked us to update our December 18 Opinion in light of the Restriction. We have been advised by the Independent Allocation Committee of the Board of Directors of the CBOT in reliance upon the advice of the Implementation Committee of the Board of Directors of the CBOT that, for purposes of rendering this opinion, we may assume that the Restructuring Transactions will not be effected by means of a liquidation. Please note that we have made such assumption and that we have made such assumption without independent legal analysis.

In connection with our review of the Restructuring Transactions and the preparation of our opinion herein, we have examined: (a) certain descriptive information concerning the Restructuring Transactions; (b) the draft dated September 13, 2002 of Amendment No. 2 to the Registration Statement on Form S-4 ("Form S-4") of CBOT Holdings relating to the proposed issuance of shares of common stock of CBOT Holdings; (c) the drafts dated September 13, 2002 of the Amended and Restated Certificate of Incorporation and By-Laws of CBOT Holdings; (d) the drafts dated September 13, 2002 of the Amended and Restated Certificate of Incorporation and By-Laws of the for-profit CBOT Subsidiary; (e) various CBOT documents including the Chicago Board of Trade rules and regulations; (f) various trading and financial statistics for the CBOT; (g) certain publicly available information regarding terms of certain transactions involving restructurings of exchanges comparable to the CBOT and the allocation of value; (h) presentations provided to the CBOT by consultants and financial and legal advisors; (i) letters to the CBOT from various members regarding the restructuring and demutualization of the CBOT; (j) information regarding the historical trading prices of Memberships; and (k) certain other information regarding the CBOT and its operations. We have also held discussions of the foregoing with current and former members of the senior management of the CBOT and of the various classes of Members, have considered other matters which we have deemed relevant to our inquiry and have taken into account such accepted financial and investment banking procedures and considerations as we have deemed relevant.

Furthermore, in connection with our review of the Restructuring Transactions and the preparation of our opinion herein, we have assumed that: (a) there will not be any transaction (including any business combination) with the CBOE or any other party; in this connection, we understand that prior discussions between the CBOT and the CBOE of a possible business combination have terminated; and (b) all existing trading rights and privileges of each Membership class and the CBOE exercise right of Full Members will remain intact following the Restructuring Transactions; in this connection, we note the concerns raised by disclosures within the Form S-4 with respect to possible future actions by the CBOE adverse to the CBOE exercise right, the effects of which are beyond the scope of this opinion.

In rendering our opinion, we have assumed and relied, without independent verification, upon the accuracy and completeness of all the information examined by or otherwise reviewed or discussed with us (subject to any updating and/or correction by the parties supplying such information) for purposes of this opinion. In particular, we note and have relied upon the revisions to the contract volume data that have been supplied by the CBOT. We

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have not made or obtained an independent valuation or appraisal of the assets, liabilities or solvency of the CBOT. We were not requested to, and did not, participate in the structuring of the Restructuring Transactions nor were we asked to consider, and our opinion does not address, the relative merits of the Restructuring Transactions as compared to any alternative business strategies that might exist for the CBOT or the effect of any other transaction in which the CBOT might engage. Our opinion herein is based upon economic, market, financial and other conditions existing on, and other information disclosed to us as of, the date of this letter. It should be understood that, although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion except as provided in the letter agreement between William Blair & Company and the Independent Allocation Committee dated September 3, 2002.

William Blair & Company has been engaged in the investment banking business since 1935. We have acted as the investment banker to the Independent Allocation Committee in connection with the Restructuring Transactions (and the Initial Restructuring Proposal and the Revised Restructuring Proposal) and have received fees from the CBOT for our services. In addition, the CBOT has agreed to indemnify us against certain liabilities arising out of our engagement. Our investment banking services and our opinion were provided for the use and benefit of the Independent Allocation Committee of the Board of Directors and the Board of Directors of the CBOT in connection with the Restructuring Transactions. Our opinion is limited to the fairness, from a financial point of view, to the Members of the CBOT of the Allocation of shares of common stock of CBOT Holdings in respect of their Memberships in connection with the Restructuring Transactions, and we do not address the merits of the underlying decision by the CBOT to engage in the Restructuring Transactions and this opinion does not constitute a recommendation to any Member as to how such Member should vote with respect to the Restructuring Transactions. It is understood that this letter may not be disclosed or otherwise referred to without prior written consent, except that the opinion may be included in its entirety in a proxy statement and prospectus mailed to the Members by the CBOT in connection with the Restructuring Transactions.

In arriving at our conclusion, we have considered various methodologies for allocating the shares of common stock of CBOT Holdings. We have concluded that an allocation methodology that takes into account a combination of factors rather than a single factor is appropriate, and that such combination of factors should include, with respect to each of the five classes of Members: (a) relative liquidation rights; (b) relative voting rights; (c) the allocation made in respect of each class of Membership in connection with the formation of Ceres; (d) the market values of Memberships; and (e) the contract volumes for which each class of Membership has been responsible on a historical basis. In arriving at our conclusion, we have attached greater importance to liquidation rights, voting rights and the allocation made in respect of each Membership in connection with the formation of Ceres.

Based upon and subject to the foregoing, it is our opinion that the Allocation to Members of shares of common stock of CBOT Holdings in respect of their Memberships in connection with the Restructuring Transactions in the ratio of 5.0 : 1.0 : 0.5 : 0.06 : 0.07 to each Full, Associate, GIM, IDEM and COM Membership, respectively, is fair, from a financial point of view to each of the five classes of Members.

Very truly yours,

/s/ WILLIAM BLAIR & COMPANY, L.L.C.

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WILLIAM BLAIR & COMPANY, L.L.C.

**APPENDIX E-1**

**AGREEMENT**

This Agreement is made and entered into this 7th day of August, 2001 ("Effective Date") by and between the Board of Trade of the City of Chicago, Inc., a Delaware non-stock corporation (the "CBOT"), and the Chicago Board Options Exchange Incorporated, a Delaware non-stock corporation (the "CBOE").

WHEREAS, paragraph (b) of Article Fifth of CBOE's Certificate of Incorporation ("Article Fifth(b)") provides, among other things, that every present and future member of the CBOT who applies for membership in the Corporation and who otherwise qualifies shall, so long as he remains a member of the CBOT, be entitled to be a member of the CBOE (this right of members of the CBOT to become members of the CBOE is referred to herein as the "Exercise Right");

WHEREAS, the CBOT and the CBOE entered into an Agreement dated as of September 1, 1992 (the "1992 Agreement") for the purpose of resolving a dispute as to the meaning of certain terms as used in Article Fifth(b) and the nature and scope of the Exercise Right;

WHEREAS, the CBOT intends to pursue a strategic restructuring as specifically contemplated by that certain Registration Statement on Form S-4 (Registration No. 333-54370);

WHEREAS, additional disputes have arisen between the CBOT and the CBOE regarding the Exercise Right in the context of the CBOT's proposed strategic restructuring and the expanded operation of CBOT's electronic trading system proposed to be implemented in connection therewith; and

WHEREAS, the parties, in their own capacity and on behalf of their respective members, wish to resolve these additional disputes to their mutual benefit;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and agreements contained herein (but subject to Section 11 below), the parties, in their own capacity and on behalf of their respective members, pursuant to the authorization of their respective Boards of Directors, agree as follows:

**1. DEFINITIONS.**

For purposes of this Agreement, the definitions set forth in this Section 1, including revised definitions of certain terms previously defined in the 1992 Agreement, shall apply. Capitalized terms used but not further defined in this Agreement shall have the respective meanings ascribed to such terms in the 1992 Agreement.

(a) "Registration Statement" means that certain Registration Statement on Form S-4 filed by the CBOT with the Securities and Exchange Commission under the Securities Act of 1933 (Registration No. 333-54370).

(b) "CBOT Restructuring Transactions" means the proposed strategic restructuring of the CBOT and the related expansion of its electronic trading operations described in the Registration Statement, as amended by Amendments No. 1 through 4, and as further amended subject to the provisions of Section 11(b).

(c) "Exercise Right Coupon" means the instrument to be issued to each of the 1,402 CBOT Full Members pursuant to and as part of the CBOT Restructuring Transactions, which shall evidence and represent the Exercise Right and which shall, subject to satisfaction of the other conditions to being an Eligible CBOT Full Member as defined below, entitle the holder thereof to become an Exerciser Member.

(d) "Eligible CBOT Full Member" has the meaning set forth in the definition of that term in the 1992 Agreement, provided that upon consummation of the CBOT Restructuring Transactions and in the absence

of any other material changes to the structure or ownership of the CBOT or to the trading rights and privileges appurtenant to a CBOT Full Membership not contemplated in the CBOT Restructuring Transactions, an individual shall be deemed to be an Eligible CBOT Full Member if the individual: (i) is the owner of (A) 25,000 shares of Class A Common Stock of the CBOT (such number being subject to anti-dilution adjustment in the event the Class A Common Stock is subject to a stock split, reverse split, stock dividend or other stock distribution made to existing shareholders, or the issuance of shares to existing shareholders at less than fair market value), and (B) one (1) share of Class B Common Stock, Series B-1, of the CBOT, and (C) one (1) Exercise Right Coupon, (ii) has not delegated any of the rights or privileges appurtenant to such ownership, and (iii) meets the applicable membership and eligibility requirements of the CBOT and is deemed to be a "CBOT Full Member" under the CBOT's Rules and Regulations then in effect. CBOT Class A Common Stock, CBOT Class B Common Stock and Exercise Right Coupons may be separately bought and sold, and may be unbundled and rebundled, for purposes of qualifying the owner thereof as an Eligible CBOT Full Member.

(e) "Eligible CBOT Full Member Delegate" has the meaning set forth in the definition of that term in the 1992 Agreement, provided that upon consummation of the CBOT Restructuring Transactions and in the absence of any other material changes to the structure or ownership of the CBOT or to the trading rights and privileges appurtenant to a CBOT Full Membership not contemplated in the CBOT Restructuring Transactions, an individual shall be deemed to be an eligible CBOT Full Member delegate if the individual (i) is in possession of (A) 25,000 shares of Class A Common Stock of the CBOT (such number being subject to anti-dilution adjustment in the event the Class A Common Stock is subject to a stock split, reverse split, stock dividend or other stock distribution made to existing shareholders, or the issuance of shares to existing shareholders at less than fair market value), and (B) one (1) share of Class B Common Stock, Series B-1, of the CBOT, and (C) one (1) Exercise Right Coupon, (ii) holds one or more of the items listed in (i) above through delegation rather than ownership, and (iii) meets the applicable membership and eligibility requirements of the CBOT and is deemed to be a "CBOT Full Member Delegate under the CBOT's Rules and Regulations then in effect. For the purposes of this provision, the words "in possession of" shall be deemed to include possession by ownership, lease, or, in the case of shares, by pledge or assignment agreement relating to such shares whereunder the owner of such shares is precluded from selling or transferring them during the term of such pledge or assignment agreement.

## 2. THE CBOT'S AGREEMENTS.

(a) The CBOT agrees, in its own capacity and on behalf of its members, that only an individual who is an Eligible CBOT Full Member or an Eligible CBOT Full Member Delegate is a member of the CBOT within the meaning of Article Fifth(b) eligible to be an Exerciser Member, subject to the terms and conditions of this Agreement, and to the extent not inconsistent with this Agreement, the 1992 Agreement.

(b) The CBOT agrees that as part of the CBOT Restructuring Transactions it shall issue exactly 1,402 shares of Class B Common Stock, Series B-1, and exactly 1,402 Exercise Right Coupons, and shall distribute one (1) such share of Class B Common Stock and one (1) such Exercise Right Coupon to each of the 1,402 CBOT Full Members, and will not issue any additional shares of Class B Common Stock, Series B-1, or any additional Exercise Right Coupons. The CBOT shall also issue and distribute 25,000 shares of its Class A Common Stock to each of the 1,402 CBOT Full Members. CBOE for its own account and CBOE members will be free to purchase and to hold, lease or sell the Class B shares and the Exercise Coupons without limitation, and may also purchase, hold, lease or sell the Class A shares subject to the same terms as other purchasers of Class A shares.

(c) The CBOT agrees and represents that it has created and will maintain various incentives to promote the continued value of CBOT membership, including meaningful member and delegate fee preferences (applicable to the floor and electronic trading platform) and pit closing provisions as described in the Registration Statement. In addition, CBOT agrees to maintain seat ownership requirements for CBOT clearing firms. A schedule of such current fee preferences and incentives has been provided to CBOE by the

CBOT and the CBOE has taken notice of the member and delegate fee preferences reflected in such schedule. These fee preferences and incentives are expected to serve the purpose of preventing mass migration of CBOT exercisers to CBOE. Any questions that may subsequently arise as to the continued meaningfulness of such preferences and incentives for this purpose, as they may be amended from time to time, shall be submitted to binding arbitration in accordance with Section 7 of this Agreement. The arbitration panel will have the authority: 1) to determine whether the member and delegate fee preferences and other incentives maintained by the CBOT remain meaningful for the purposes set forth in this Section 2(c); 2) if that determination is unfavorable to CBOT, to specify a remedy for CBOT's failure to maintain meaningful fee preferences and incentives, including what CBOT must do to restore meaningful fee preferences and incentives; and 3) to prescribe the consequences of any failure by the CBOT to take any action required under the remedy specified by the arbitrators, including any failure to restore meaningful fee preferences and incentives in the manner specified, within thirty (30) days of the panel's decision.

(d) The CBOT agrees that if a CBOT Full Member delegates his or her membership rights to a CBOT Full Member Delegate who exercises to become an Exerciser Member, the CBOT Full Member/delegator relinquishes all member trading rights at both the CBOT and the CBOE, and may trade only as a customer at customer rates at the CBOT unless the member/delegator owns another CBOT membership which entitles that member to member trading rights and transaction rates.

(e) The CBOT agrees that CBOT Full Member Delegates who are Exerciser Members of the CBOE may trade on the CBOT's electronic trading platform only at customer rates. The CBOT agrees that CBOT Full Members who are Exerciser Members of the CBOE may trade on the CBOT's electronic trading platform as a CBOT member at member rates only if they are not physically present on the CBOE trading floor and are not logged on to the CBOE's electronic trading platform. If a CBOT Full Member is present on the CBOE trading floor or is logged on to the CBOE's electronic trading platform at the time an order is entered or altered on the CBOT's electronic trading platform by or on behalf of such member, then such member will be charged CBOT customer rates for trades resulting from the execution of such orders.

(f) The CBOT agrees to amend its rules, effective no later than the consummation of the CBOT Restructuring Transactions, to the extent necessary to implement the provisions of this Agreement.

(g) Within five (5) dates following the Effective Date of this Agreement, the CBOT will file a notice of voluntary dismissal of its amended complaint for declaratory and injunctive relief and damages, Civil Action No. 00CH1500, filed on February 16, 2001, in the Circuit Court of Cook County, Illinois, Chancery Division.

### **3. THE CBOE'S AGREEMENTS.**

(a) The CBOE agrees, in its own behalf and on behalf of its members, that an Eligible CBOT Full Member or an Eligible CBOT Full Member Delegate is a member of the CBOT within the meaning of Article Fifth(b), and is eligible to be an Exerciser Member upon satisfaction of the terms and conditions of this Agreement and, to the extent not inconsistent with the terms and conditions of this Agreement, the 1992 Agreement.

(b) The CBOE agrees to submit to binding arbitration in accordance with Section 7 of this Agreement questions concerning the continued meaningfulness of member and delegate fee preferences or other incentives for the purpose of preventing mass migration of CBOT exercisers to CBOE as described in Section 2(c).

(c) Within five (5) days following the Effective Date of this Agreement, the CBOE will withdraw and terminate its proposed rulemaking request (File No. SR-CBOE-00-44), initially filed with the Commission on August 30, 2000 and further agrees that it shall take no action to amend, modify or otherwise limit, or terminate or cause to expire, whether by interpretation or otherwise, the Exercise Right as a result of the completion of the CBOT's Restructuring Transactions, except as contemplated herein.

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4. **ELECTRONIC TRADING.** The CBOT and CBOE are each free to develop, provide, maintain and use electronic trading platforms and to determine their respective trading hours and access policies for all their respective products without such action adversely affecting the Exercise Right except as such action may be inconsistent with the provisions of this Agreement.

5. **INFORMATION SHARING.** The parties agree to provide full information regarding the status of all members including exercisers and delegate exercisers on a current and continuing basis.

6. **FURTHER ASSURANCES.** The CBOT and the CBOE shall take such further steps toward ensuring that their respective memberships understand the implications of this Agreement as they shall reasonably agree, including, without limitation, the development of either a joint or separate “question and answer” publications, in either case subject to the approval of both the CBOT and the CBOE, and other appropriate materials for distribution to the membership of the CBOT and the CBOE. In addition, the CBOE and the CBOT will actively pursue cost-sharing and other mutually beneficial initiatives.

7. **ARBITRATION.** Questions subject to arbitration in accordance with Sections 2(c) and 3(b) of this Agreement shall be submitted to arbitration in Chicago, Illinois under the auspices of the American Arbitration Association (“AAA”) and pursuant to the Commercial Arbitration Rules of the AAA in effect at the time arbitration is initiated. The arbitration panel shall consist of three arbitrators: one arbitrator selected by each of the parties within 15 days after receipt of the demand for arbitration, and a neutral arbitrator selected by the two party-appointed arbitrators. If the two party-appointed arbitrators cannot agree upon a person to serve as the neutral arbitrator within 30 days after the parties have notified each other of the identity of the party-appointed arbitrators, the neutral arbitrator shall be selected by the AAA.

8. **GOVERNING LAW.** Except to the extent that this Agreement is governed by any law of the United States or of a rule or regulation adopted by a regulatory agency pursuant to any such law, this Agreement shall in all respects be governed by and construed in accordance with the laws of the State of Illinois, without regard to its conflicts of law doctrine.

9. **ASSIGNMENT.** This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of each party hereto, provided that no rights, obligations or liabilities hereunder shall be assignable by any party without the prior written consent of the other party. It is expressly understood and agreed by the parties that the conversion of the CBOT from a Delaware non-stock, not-for-profit corporation into a Delaware stock, for-profit corporation pursuant to the CBOT Restructuring Transactions shall have no effect whatsoever on the validity or enforceability of this Agreement or the 1992 Agreement.

10. **OTHER AGREEMENTS.** The 1992 Agreement shall remain in full force and effect, and the CBOT and the CBOE hereby reaffirm all of their respective rights and obligations thereunder except that if any provision of the 1992 Agreement conflicts with any provision of this Agreement the provisions of this Agreement shall control. The CBOT and the CBOE agree that this Agreement and, to the extent consistent with this Agreement, the 1992 Agreement, reflect the complete and exclusive understanding and agreement of the parties concerning the Exercise Right, and supersede all prior proposals and communications (oral or written) by or between the parties on the same subject. The CBOT and the CBOE agree to be bound by this Agreement and not to take any action inconsistent with this Agreement.

### 11. **APPROVALS.**

(a) The CBOT and CBOE mutually agree that it is appropriate, and within the meaning and spirit of Article Fifth(b), for the CBOE to interpret Article Fifth(b) in accordance with the provisions of this Agreement. The CBOT and the CBOE acknowledge that, as an interpretation of Article Fifth(b), this agreement must be filed with and approved by the Securities and Exchange Commission (“SEC”) in order to become effective. The CBOE will submit any rule changes required to implement this Agreement to the



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SEC for its review and approval. The CBOE also intends to submit this Agreement to the approval of the CBOE membership. The CBOE will use its best efforts to obtain approval from its membership and the SEC in the most expeditious manner possible. The CBOT intends to submit any rule changes required to implement this Agreement to the Commodity Futures Trading Commission (“CFTC”) for its review and approval. The CBOT will use its best efforts to obtain approval from the CFTC in the most expeditious manner possible. If the SEC, the CFTC, or both, refuse any of the above approvals unless certain changes are made, the parties agree to consider in good faith the adoption of the necessary changes as expeditiously as possible. If the SEC, the CFTC or the CBOE membership thereafter refuse their approval, despite the parties’ good faith efforts, this Agreement shall be null and void, as if never executed, and neither party shall be deemed to be in any way bound by any term or provision, including any agreement or acknowledgement, of this Agreement.

(b) This Agreement shall be attached as an exhibit to the CBOT’s Registration Statement and the material provisions of this Agreement shall be summarized in that Registration Statement. This Agreement shall be null and void, as if never executed, and neither party shall be deemed to be in any way bound by any term or provision, including any agreement or acknowledgement, of this Agreement if 1) the SEC does not declare the Registration Statement effective; 2) if the CBOE does not consent to amendments to the Registration Statement subsequent to Amendments No. 1 through 4 which consent shall not be unreasonably withheld; 3) the CBOT membership does not vote to approve the restructuring transactions described in the Registration Statement; 4) the CBOT does not receive a favorable ruling from the Internal Revenue Service (“IRS”), in form and substance satisfactory to the CBOT’s Board of Directors, relating to the restructuring transactions described in the Registration Statement; 5) the CBOT does not receive any required approvals by the CFTC relating to the restructuring transactions described in the Registration Statement; or 6) a court order or other government regulation prohibits or restricts the restructuring transactions described in the Registration Statement. The CBOT will use its best efforts to obtain approval from the SEC, the IRS and the CFTC in the most expeditious manner possible. If the SEC, the IRS or the CFTC refuse their approval unless certain changes are made, the CBOT agrees to consult with the CBOE and to consider in good faith the adoption of the necessary changes as expeditiously as possible.

**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED**

/s/ WILLIAM J. BRODSKY

By: \_\_\_\_\_  
Chairman and CEO

Title: \_\_\_\_\_

/s/ MARK F. DUFFY

By: \_\_\_\_\_  
Vice Chairman

Title: \_\_\_\_\_

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.**

/s/ NICKOLAS J. NEUBAUER

By: \_\_\_\_\_  
Chairman

Title: \_\_\_\_\_

/s/ DAVID J. VITALE

By: \_\_\_\_\_  
President and CEO

Title: \_\_\_\_\_

APPENDIX E-2

LETTER AGREEMENT

**CBOT HOLDINGS, INC.**  
**141 West Jackson Boulevard**  
**Chicago, Illinois 60604**

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.**  
**141 West Jackson Boulevard**  
**Chicago, Illinois 60604**

October 24, 2001

Chicago Board Options Exchange Incorporated  
400 South LaSalle Street  
Chicago, Illinois 60605

Ladies and Gentlemen:

We refer to that certain Agreement dated August 7, 2001, (the "August 7, 2001 Agreement") by and between the Chicago Board Options Exchange Incorporated, a Delaware nonstock corporation (the "CBOE") and the Board of Trade of the City of Chicago, Inc., a Delaware nonstock, not-for-profit corporation (the "CBOT"), which addressed the resolution of certain disputes that had arisen concerning the Exercise Right. Capitalized terms used but not otherwise defined in this letter agreement shall have the meanings set forth in the August 7, 2001 Agreement and the 1992 Agreement as applicable.

The purpose of this letter agreement is to specify the terms and conditions under which the August 7, 2001 Agreement will apply in the circumstances of the proposed restructuring of the CBOT revised to accommodate the proposed holding company structure as described in a new registration statement on form S-4 to be filed by CBOT Holdings, Inc. ("CBOT Holdings") on or shortly after October 24, 2001 (referred to herein as the "Holdings Registration Statement"). Under such holding company structure, the CBOT would be a for-profit, nonstock Delaware corporation (referred to herein as the "CBOT Subsidiary") and a subsidiary of a new stock, for-profit holding company, CBOT Holdings. Upon completion of the restructuring, each Existing Full Member of CBOT would receive 25,000 shares of common stock of CBOT Holdings, which corresponds to the 25,000 shares of Class A Common Stock of CBOT referred to in the August 7, 2001 Agreement, and would receive one Class B-1 membership in the CBOT Subsidiary and one Class C membership in the CBOT Subsidiary (which correspond to the Class B Common Stock, Series B-1, and the Exercise Right Coupon, respectively, referred to in the August 7, 2001 Agreement).

It is our understanding, with which we ask you to evidence your agreement by signing a copy of this letter agreement in the space provided below, that subject to the conditions specified in this letter agreement, and in the absence of any other material changes to the structure or ownership of the CBOT Subsidiary or to the trading rights and privileges appurtenant to a CBOT Full Membership not contemplated in the CBOT Restructuring Transactions as defined herein, the proposed restructuring of the CBOT as described in the Holdings Registration Statement will constitute "CBOT Restructuring Transactions" for the purposes of the August 7, 2001 Agreement, such that upon the consummation of the CBOT's restructuring as so described, Eligible CBOT Full Members and Eligible CBOT Full Member Delegates will continue to be entitled to become Exerciser Members of the CBOE in accordance with Article Fifth(b), the 1992 Agreement, the August 7, 2001 Agreement and this letter agreement; provided that all references in the August 7, 2001 Agreement to shares of Class A Common Stock of the CBOT, shares of Class B Common Stock, Series B-1, of the CBOT and the Exercise Right Coupon shall be deemed to refer to shares of common stock of CBOT Holdings, the Series B-1, Class B memberships of the CBOT Subsidiary and the Class C memberships of the CBOT Subsidiary, respectively. In addition, all references in Sections 2 and 11 of the August 7, 2001 Agreement to the Registration Statement shall be deemed to refer to the Holdings Registration Statement.

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The agreed-upon conditions to the extension of the August 7, 2001 Agreement to the proposed holding company structure are the following:

A. CBOT Holdings shall cause the CBOT Subsidiary to comply fully with each of the terms of the August 7, 2001 Agreement as modified by this letter agreement.

B. CBOT Holdings will take no action, directly or indirectly, that, if taken by the CBOT Subsidiary itself, would amount to a violation of the terms of the August 7, 2001 Agreement as modified by this letter agreement, including but not limited to action that would cause the various incentives to promote the continued value of CBOT membership, including member and delegate fee preferences and pit closing provisions and seat ownership requirements for CBOT clearing firms as described in paragraph 2(c) of the August 7, 2001 Agreement, to no longer be meaningful for the purpose stated in said paragraph 2(c).

C. In the event questions arise as to whether CBOT Holdings has taken or proposes to take action that would have the effect of causing the various incentives to promote the continued value of CBOT membership, including member and delegate fee preferences and pit closing provisions and seat ownership requirements for CBOT clearing firms to no longer be meaningful in violation of its obligation in paragraph B above, such questions shall be submitted to binding arbitration in accordance with Sections 2(c) and 7 of the August 7, 2001 Agreement, and the arbitrators will have the same authority as provided in the August 7, 2001 Agreement to decide such questions, to specify a remedy for CBOT Holding's failure to honor its obligation not to take any such action, and to prescribe the consequences of any failure by CBOT Holdings to take any action required under any such remedy specified by the arbitrators within thirty (30) days of the arbitrators' decision.

The CBOE hereby consents to the filing with the SEC of the Holdings Registration Statement in a form substantially the same as the draft of the Holdings Registration Statement dated October 23, 2001, previously provided to the CBOE.

It is understood that Sections 6, 7, 8, 9, 10 and 11 of the August 7, 2001 Agreement as modified by this letter agreement shall be incorporated by reference herein, and that the provisions of those Sections shall be binding upon CBOT Holdings to the same extent as upon CBOT, except where the context otherwise requires.

This letter agreement supercedes in its entirety the letter agreement executed by the parties hereto on October 19, 2001, which upon the execution of this letter agreement shall cease to be of any force or effect.

Very truly yours,

CBOT Holdings, Inc.

/s/ NICKOLAS J. NEUBAUER

By: \_\_\_\_\_  
Nickolas J. Neubauer  
*Its Chairman*

Board of Trade of the City of Chicago, Inc.

/s/ NICKOLAS J. NEUBAUER

By: \_\_\_\_\_  
Nickolas J. Neubauer  
*Its Chairman*

Accepted and Agreed to this 24th day of October, 2001

Chicago Board Options Exchange Incorporated

/s/ WILLIAM J. BRODSKY

By: \_\_\_\_\_  
William J. Brodsky  
*Its Chairman and Chief Executive Officer*

**APPENDIX E-3**

**LETTER AGREEMENT**

**CBOT HOLDINGS, INC.  
141 West Jackson Boulevard  
Chicago, Illinois 60604**

**BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
141 West Jackson Boulevard  
Chicago, Illinois 60604**

September 13, 2002

Chicago Board Options Exchange, Incorporated  
400 South LaSalle Street  
Chicago, Illinois 60605

Ladies and Gentlemen:

We refer to that certain Agreement dated August 7, 2001, (the "August 7, 2001 Agreement") by and between the Chicago Board Options Exchange, Incorporated, a Delaware nonstock corporation (the "CBOE") and the Board of Trade of the City of Chicago, Inc., a Delaware nonstock, not-for-profit corporation (the "CBOT"), as amended by a letter agreement dated October 24, 2001, (the "October 24, 2001 Letter Agreement") by and among CBOE, CBOT and CBOT Holdings, Inc, a Delaware stock, for-profit corporation ("CBOT Holdings"), which embody certain agreed upon interpretations of Article Fifth(b) of CBOE's Certificate of Incorporation intended to resolve disputes that had arisen concerning the Exercise Right. Capitalized terms used but not otherwise defined in this letter agreement shall have the meanings set forth in the August 7, 2001 Agreement, the October 24, 2001 Letter Agreement and the 1992 Agreement as applicable. The August 7, 2001 Agreement as amended by the October 24, 2001 Letter Agreement is sometimes referred to herein as the August 7, 2001 Agreement as amended.

The purpose of this letter agreement is to confirm the understanding of the parties that the interpretations of the Exercise Right embodied in the August 7, 2001 Agreement and the October 24, 2001 Letter Agreement will continue to apply in the circumstances whereby the 25,000 shares of common stock of CBOT Holdings and the Series B-1 Class B membership in the CBOT Subsidiary proposed to be issued to each of the 1,402 Existing Full Members of CBOT will generally be subject to a complete restriction on transfer, except that holders of such shares and memberships may transfer them if they are transferred together, all as described in Amendment No. 2 to the Holdings Registration Statement. Class C memberships in the CBOT Subsidiary will continue to be freely transferable without restriction, except for restrictions on transfer, if any, imposed under applicable law. This letter agreement also sets forth the understanding of the parties in respect of certain aspects of the definitions of "Eligible CBOT Full Member" and "Eligible CBOT Full Member Delegate" as contained in the August 7, 2001 Agreement as amended.

It is our understanding that in the absence of any other material changes to the structure or ownership of the CBOT Subsidiary or to the trading rights and privileges appurtenant to a CBOT Full Membership not contemplated in the CBOT Restructuring Transactions as defined herein, the proposed restructuring of the CBOT as described in the Holdings Registration Statement as amended by Amendment No. 2 thereto in a form substantially the same as the draft of said Amendment No. 2 dated September 13, 2002, previously provided to the CBOE will constitute "CBOT Restructuring Transactions" for the purposes of the August 7, 2001 Agreement as amended, such that upon the consummation of the CBOT's restructuring as so described, Eligible CBOT Full Members and Eligible CBOT Full Member Delegates will continue to be entitled to become Exerciser Members

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of the CBOE in accordance with Article Fifth(b), the 1992 Agreement, the August 7, 2001 Agreement, the October 24, 2001 Letter Agreement and this letter agreement.

Consistent with the foregoing, it is also our understanding that the last sentence in the definition of "Eligible CBOT Full Member" set forth in Section 1(d) of the August 7, 2001 Agreement as amended, which states that CBOT Class A Common Stock, CBOT Class B Common Stock and Exercise Right Coupons (as amended in the October 24, 2001 Letter Agreement to refer to the common stock of CBOT Holdings, the Series B-1 Class B memberships of the CBOT Subsidiary and the Class C memberships of the CBOT Subsidiary, respectively) may be separately bought and sold, is now to be read as being subject to the restrictions on transferability of the common stock of CBOT Holdings and the Series B-1 Class B memberships of the CBOT Subsidiary described above and in Amendment No. 2 to the Holdings Registration Statement.

Finally, we wish to clarify the intent of the parties as reflected in Sections 2(a) and 3(a) of the August 7, 2001 Agreement as amended, which provide that in determining who is an Eligible CBOT Full Member or an Eligible CBOT Full Member Delegate eligible to be an Exerciser Member, the terms of the 1992 Agreement will continue to apply to the extent they are not inconsistent with the August 7, 2001 Agreement as amended. It is our understanding that the parties intended this to mean that in order to be an "Eligible CBOT Full Member" or an "Eligible CBOT Full Member Delegate" as defined in Section 1(d) or 1(e) of the August 7, 2001 Agreement, in addition to satisfying the requirements of one or the other of those Sections, a person must also be in possession of "all trading rights and privileges appurtenant to such CBOT Full Membership" as that term is defined in Section 1(c) of the 1992 Agreement.

We ask you to evidence your agreement with our understandings as stated above, and to evidence your consent to the filing with the SEC of Amendment No. 2 to the Holdings Registration Statement in a form substantially the same as the draft of said Amendment No. 2 dated September 13, 2002, previously provided to the CBOE, by signing a copy of this letter agreement in the space provided below.

Very truly yours,

CBOT Holdings, Inc.

By: /s/ NICKOLAS J. NEUBAUER

---

Nickolas J. Neubauer  
Its Chairman

Board of Trade of the City of Chicago, Inc.

By: /s/ NICHOLAS J. NEUBAUER

---

Nickolas J. Neubauer  
Its Chairman

Accepted and Agreed to this 13th day of September, 2002

Chicago Board Options Exchange, Incorporated

By: /s/ WILLIAM J. BRODSKY

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William J. Brodsky  
Its Chairman and Chief Executive Officer

APPENDIX F  
AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
CBOT HOLDINGS, INC.  
(Originally incorporated in the State of Delaware on August 15, 2001)

ARTICLE I

NAME

The name of the corporation is CBOT Holdings, Inc. (hereinafter referred to as the "Corporation").

ARTICLE II

REGISTERED AGENT

The address of the registered office of the Corporation in the State of Delaware is 9 Loockerman Street, in the City of Dover, County of Kent, Delaware 19901. The name of the registered agent of the Corporation at such address is National Registered Agents, Inc.

ARTICLE III

CORPORATE PURPOSES

The nature of the business or purposes to be conducted or promoted by the Corporation are to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (as amended from time to time, the "DGCL").

ARTICLE IV

CAPITAL STOCK

A. *Authorized Shares.*

The total number of shares of stock which the Corporation shall have the authority to issue is thirty nine million eight hundred two thousand six hundred and fifty (39,802,650) shares of Common Stock, par value \$0.001 per share (the "Common Stock").

B. *Common Stock Voting Rights.*

1. *General.* Each outstanding share of Common Stock shall entitle the holder thereof to one (1) vote on each matter properly submitted to the stockholders of the Corporation for their vote.
2. *Certain Corporate Transactions.* Except to the extent that a greater vote is required by law, the affirmative vote of a majority of the votes cast by the holders of Common Stock at any annual or special meeting of the stockholders shall be required to effect, in one transaction or in a series of related transactions, (i) any purchase by, investment in, or other acquisition or formation by the Corporation of any business or assets which are, or are intended to be, competitive, as determined by the Board of Directors of the Corporation in its sole and absolute discretion, with the business conducted or proposed to be conducted at such time by the Board of Trade

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of the City of Chicago, Inc., a for-profit nonstock corporation, which is a subsidiary of the Corporation (including any successor thereto, the "CBOT Subsidiary"), or (ii) any sale (or other transfer) to a third party involving assets of the Corporation that constitute a significant amount of the total assets of the Corporation. For purposes of clause (ii) of the foregoing provision, a significant amount of the total assets of the Corporation shall mean 10% of the fair market value of the assets, both tangible and intangible, of the Corporation as of the time of the board approval of the proposed sale (or other transfer), as determined by the Board of Directors of the Corporation in its sole and absolute discretion.

3. *Actions As Class A Member of the CBOT Subsidiary.* In accordance with the terms of the certificate of incorporation of the CBOT Subsidiary, the affirmative vote of a majority of the votes cast by the holders of Common Stock at any annual or special meeting of the stockholders of the Corporation shall be required to permit the Corporation to approve any of the following actions in its capacity as the holder of the Class A membership in the CBOT Subsidiary, in one transaction or in a series of related transactions: (a) any merger or consolidation of the CBOT Subsidiary with or into another entity, (b) any purchase by, investment in, or other acquisition or formation by the CBOT Subsidiary of any business or assets which are, or are intended to be, competitive, as determined by the Board of Directors of the CBOT Subsidiary in its sole and absolute discretion, with the business conducted or proposed to be conducted at such time by the CBOT Subsidiary, (c) any sale (or other transfer) to a third party involving assets of the CBOT Subsidiary that constitute a significant amount of the total assets of the CBOT Subsidiary (as defined in the certificate of incorporation of the CBOT Subsidiary), (d) any amendment or change to (or elimination of) Sections B(1) and E of Article IV of the certificate of incorporation of the CBOT Subsidiary or (e) any dissolution or liquidation of the CBOT Subsidiary.

### C. *Restriction on Transfer.*

The Common Stock shall be subject to the following transfer restrictions, and no Common Stock shall be sold, transferred or otherwise disposed of, except as follows:

1. Except as otherwise provided for in this Article IV.C.1, no share of Common Stock may be sold, transferred or otherwise disposed of (excluding any hypothecation of such Common Stock) except (a) by operation of law, (b) in a transaction specifically approved by the Board of Directors of the Corporation or a duly authorized committee thereof or (c) in a transaction consummated in connection with and conditioned upon the sale, transfer or disposition of a Class B Membership in the CBOT Subsidiary, that results in the number of shares of Common Stock associated with the series of such Class B Membership, as set forth hereinafter in this Section C.1, being simultaneously sold, transferred or disposed of to the same transferee of such Class B Membership in the CBOT Subsidiary. The number of shares of Common Stock that may be sold, transferred or otherwise disposed of in accordance with the preceding sentence is as follows: twenty five thousand (25,000) shares of common Stock with one (1) Series B-1, Class B Membership in the CBOT Subsidiary; five thousand (5,000) shares of Common Stock with one (1) Series B-2, Class B Membership in the CBOT Subsidiary ; two thousand five hundred (2,500) shares of Common Stock with one (1) Series B-3, Class B Membership in the CBOT Subsidiary ; three hundred (300) shares of Common Stock with one (1) Series B-4, Class B Membership in the CBOT Subsidiary ; and three hundred fifty (350) shares of Common Stock with one (1) Series B-5, Class B Membership in the CBOT Subsidiary.
2. Any purported sale, transfer or other disposition of Common Stock not in accordance with this Article IV.C shall be void and shall not be recorded on the books of, or otherwise recognized by, the Corporation. In connection with any sale, transfer or other disposition subject to this Article IV.C, the transferor shall notify the Corporation and its transfer agent, as applicable, as to which provision of this Article IV.C such sale, transfer or disposition is being effected in compliance with and shall furnish such documents or other evidence as the Corporation or its transfer agent may request to verify such compliance. The shares of Common Stock may be represented by stock certificates which shall have a legend thereon with respect to the restrictions of this Article IV.C, which legend shall be removed by the Corporation or its transfer agent, as applicable, upon issuance of any stock certificates representing shares not subject to the restrictions of this Article IV.C pursuant to the terms thereof.

Notwithstanding the foregoing provisions of this Section, none of the foregoing restrictions on transfer shall apply to shares of Common Stock held by the Board of Trade of the City of Chicago, Inc., a not-for-profit, nonstock corporation, or the CBOT Subsidiary or any successor thereto.

**ARTICLE V**

**MANAGEMENT OF AFFAIRS**

The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

A. In accordance with Section 141(a) of the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of a governing body, which shall be known as the “Board of Directors,” and the composition of which shall be as set forth in Article VI of this Certificate of Incorporation. In addition to the powers and authority expressly conferred upon them by statute or by this Certificate of Incorporation or the Bylaws of the Corporation, the directors are hereby empowered to exercise all powers and do all acts and things as may be exercised or done by the Corporation. In addition, pursuant to Section 141(a) of the DGCL, for so long as the person appointed to serve as the President and Chief Executive Officer of the Corporation serves in such capacity, such person shall be a director (the “President Director”) and shall not be entitled to any voting rights held by other directors according to the procedures set forth in Article VI.E of this Certificate of Incorporation.

B. The directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

C. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

D. Special meetings of stockholders of the Corporation may be called by the Chairman of the Board or by the Board of Directors acting pursuant to a resolution adopted by a majority of the members of the Whole Board having voting rights. For purposes of this Certificate of Incorporation, the term “Whole Board” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. A special meeting shall be called by the Chairman of the Board or the Board of Directors upon receipt by the Secretary of the Corporation of a written demand of stockholders entitled to cast 10% of the total number of votes entitled to be cast at such meeting. Any such written demand shall specify the purpose of such special meeting and the special meeting so called shall be limited to the purpose so set forth. The written demand shall also specify the date of such special meeting that shall be a business day not less than sixty (60) nor more than ninety (90) days from the date of such written demand.

**ARTICLE VI**

**BOARD OF DIRECTORS**

A. Subject to the qualifications set forth in Section B of this Article VI, the effectiveness of this amendment and restatement of this Certificate of Incorporation shall not change the size or composition of the Board of Directors and the directorships thereon shall continue to have the same voting rights (or no voting rights) associated therewith as were associated with such directorships immediately prior to the effective date of such amendment and restatement (the “Effective Date”), and, except as provided in this Section A of Article VI, the terms of all directors in office prior to the first annual meeting of stockholders following the Effective Date



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(the "Initial Meeting") shall expire at the annual meeting of the Corporation corresponding to the expiration year associated with such directorships prior to the Effective Date. The terms of all non-member directors in office immediately prior to the Effective Date shall expire at the Initial Meeting.

### B. *Qualifications for Directors.*

1. For the period commencing on the Effective Date through the date of the Initial Meeting (or, with respect to any director in office immediately prior to the Initial Meeting, or any director appointed to complete the term of office of any director in office immediately prior to the Initial Meeting, whose term does not expire until a subsequent annual meeting of the stockholders (each, a "Holdover Director"), prior to such subsequent annual meeting), it shall be a qualification that each director satisfy the qualifications in effect with respect to each directorship under the Amended and Restated Certificate of Incorporation of the Corporation in effect immediately prior to the Effective Date.

2. Commencing with the Initial Meeting (except with respect to any Holdover Directors while serving as such, who shall be deemed to be either Series B-1 Directors or Series B-2 Directors as indicated below), the following qualifications for directors shall apply: three (3) directors, on the date of their first nomination or selection as nominees for the Board of Directors, shall be "independent directors" as such term is defined in the Bylaws (the "Independent Directors"); eight (8) directors, on the date of their first nomination or selection as nominees for the Board of Directors, shall be holders of Series B-1, Class B memberships in the CBOT Subsidiary and shall satisfy the qualifications for and requirements of the applicable class and series of membership as set forth in the Bylaws, Rules and Regulations of the CBOT Subsidiary (including any Holdover Directors elected or appointed as Full Member directors, as applicable, the "Series B-1 Directors"); two (2) directors, on the date of their first nomination or selection as nominees for the Board of Directors, shall be holders of Series B-2, Class B memberships in the CBOT Subsidiary and shall satisfy the qualifications for and requirements of the applicable class and series of membership as set forth in the Bylaws, Rules and Regulations of the CBOT Subsidiary (including any Holdover Directors elected or appointed as Associate Member directors, as applicable, the "Series B-2 Directors"); one (1) director, on the date of his or her first nomination or selection as a nominee for the Board of Directors, shall be a holder of a Series B-1, Class B membership in the CBOT Subsidiary and shall satisfy the qualifications for and requirements of the applicable class and series of membership as set forth in the Bylaws, Rules and Regulations of the CBOT Subsidiary, and shall serve as Vice-Chairman of the Board of Directors (the "Vice Chairman Director"); one (1) director, on the date of his or her first nomination or selection as a nominee for the Board of Directors, shall be a holder of a Series B-1, Class B membership in the CBOT Subsidiary and shall satisfy the qualifications for and requirements of the applicable class and series of membership as set forth in the Bylaws, Rules and Regulations of the CBOT Subsidiary, and shall serve as Chairman of the Board of Directors (the "Chairman Director"); and the President Director.

3. Any director who, at any time during his or her term of office, fails to continue to satisfy the qualifications under which he or she was last elected to the Board of Directors shall thereupon cease to be qualified as a director and the term of office of such person shall automatically end. Notwithstanding the foregoing, no action of such unqualified director, the Board of Directors or any committee thereof shall be rendered invalid or otherwise affected solely because such director becomes or at the time of such action was not qualified.

C. *Classification of Directors.* Commencing with the election of directors at the Initial Meeting, the number of directors constituting the Whole Board shall be sixteen (16) and the directors elected by the stockholders shall be divided into two classes, composed of eight directors and seven directors, respectively. In addition to those two classes, the board of directors shall also include the President Director. The first class of directors ("Class 1") shall be composed of two (2) Independent Directors, one (1) Series B-2 Director, the Chairman Director, and four (4) Series B-1 Directors. The second class of directors ("Class 2") shall be composed of the Vice Chairman Director, one (1) Independent Director, one (1) Series B-2 Director and four (4) Series B-1 Directors.

D. *Election of Directors.*

1. *Initial Meeting.* At the Initial Meeting, the following directors shall be elected for the terms set forth in this Article VI.D.1:

A. *Class 1:* The term of three of the eight directors whose directorships correspond to Class 1, who shall be one Series B-1 Director and two Independent Directors, shall expire at the Initial Meeting and a successor to each director shall be elected at the Initial Meeting. Each director duly elected shall be elected for a term of office ending at the first annual meeting of the Corporation following the Initial Meeting.

B. *Class 2:* The term of three directors whose directorships correspond to Class 2, who shall be one Independent Director, one Series B-1 Director and the Vice Chairman Director, shall expire at the Initial Meeting, and a successor to each director shall be elected for a term of office ending at the second annual meeting of the Corporation following the Initial Meeting.

2. *First Annual Meeting of Corporation Following Initial Meeting; Successive Meetings.* At the first annual meeting of the Corporation following the Initial Meeting and each successive annual meeting of the Corporation occurring thereafter, directors shall be elected to succeed each director whose term shall expire. Each director duly elected shall be elected for a term of office ending at the second annual meeting of the Corporation following his or her election as director.

E. Pursuant to Section 141(a) of the DGCL, the President Director shall not be entitled to any voting rights generally held by directors of the Corporation, and shall hold office for a term expiring upon the termination, for any reason, of his or her position as President and Chief Executive Officer of the Corporation. Any vacancy arising from the termination of the President and Chief Executive Officer of the Corporation shall automatically be filled upon the qualification of a successor President Director by appointment as President and Chief Executive Officer of the Corporation and such successor President Director shall hold office for a term expiring upon the termination, for any reason, of his or her position as President and Chief Executive Officer of the Corporation.

F. Newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office, though less than a quorum (and not by stockholders), and directors so chosen shall hold office for a term expiring at the next annual meeting of stockholders. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

G. Advance notice of stockholder nominations for the election of directors or the members of the Nominating Committee and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation.

H. Directors of the Corporation shall be removable by the stockholders only for cause; provided that the President Director may be removed from office only by the other directors in accordance with Section E of this Article VI and may not be removed from office by the stockholders.

**ARTICLE VII**

**NOMINATING COMMITTEE**

The Corporation shall maintain a nominating committee (the "Nominating Committee"), which shall receive proposals from the stockholders of the Corporation regarding the nomination of individuals to serve as directors, review the qualifications of proposed individuals and such other individuals as the Nominating Committee may from time to time select and advise the Board of Directors of the Corporation as to its recommendations for the nomination of individuals to serve as directors of the Corporation or as members of the Nominating Committee. The Members of the Nominating Committee may, but need not be, directors of the Corporation, and shall be subject to the qualifications set forth below in Section A of this Article VII.

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A. *Composition.* The Nominating Committee shall be composed of five persons, including (a) four persons who shall (except with respect to Holdover Full Member Representatives while serving as such, who shall be deemed to be Series B-1 Members, as indicated below), on the date of their first nomination or selection as nominee for election to the Nominating Committee, be both stockholders and holders of Series B-1, Class B memberships in the CBOT Subsidiary ("Series B-1 Members") and (b) one person who shall (except with respect to the Holdover Associate Member Representative while serving as such, who shall be deemed to be a Series B-2 Member as indicated below), on the date of his or her first nomination or selection as nominee for election to the Nominating Committee, be both a stockholder and the holder of a Series B-2, Class B membership in the CBOT Subsidiary (the "Series B-2 Member"). Any member of the Nominating Committee who, at any time during his or her term of office, fails to continue to satisfy the qualifications under which he or she was last elected to the Nominating Committee shall thereupon cease to be qualified to serve as a member of the Nominating Committee and the term of office of such person on such committee shall automatically end. This amendment and restatement of this Certificate of Incorporation shall not change the size or composition of the Nominating Committee and the terms of all members of the Nominating Committee in office prior to the Initial Meeting, including the Members thereof elected or appointed as Full Member representatives (the "Full Member Representatives," who shall be deemed to be a Series B-1 Member) and the Associate Member representative (the "Associate Member Representative," who shall be deemed to be a Series B-2 Member) shall expire at the annual meeting of the Corporation corresponding to the expiration year associated with such terms prior to the Effective Date.

B. *Election.*

1. At the Initial Meeting, the terms of two Series B-1 Members shall expire and a successor to each member shall be elected by the stockholders for a term of office of three years.
2. At the first annual meeting of the Corporation following the Initial Meeting, the term of one Series B-1 Member shall expire and a successor to such member shall be elected by the stockholders for a term of office of three years.
3. At the second annual meeting of the Corporation following the Initial Meeting, the term of one Series B-1 Member and the Series B-2 Member shall expire and a successor to each member shall be elected by the stockholders for a term of office of three years.
4. Each successor member to each member elected hereunder shall be elected for a term of office of three years.

C. *Removal; Vacancies.* Members of the Nominating Committee may be removed by the stockholders of the Corporation with or without cause. Any vacancies in the Nominating Committee shall be filled by the Board of Directors of the Corporation, and members so chosen shall hold their position for a term expiring at the next annual meeting of the stockholders.

## ARTICLE VIII

### AMENDMENT OF BYLAWS

The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws by the Board of Directors shall require the approval of a majority of the members of the Whole Board having voting rights. The holders of Common Stock shall also have power to adopt, amend or repeal the Bylaws.

**ARTICLE IX**  
**LIMITATION OF LIABILITY**

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (A) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (B) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (C) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

**ARTICLE X**  
**AMENDMENT OF CERTIFICATE OF INCORPORATION**

The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation.

**ARTICLE XI**  
**SECTION 203**

The Corporation hereby elects to be governed by Section 203 of the DGCL.

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APPENDIX G  
AMENDED AND RESTATED BYLAWS  
OF  
CBOT HOLDINGS, INC.

These Bylaws shall take effect at the effective time (the “Effective Time”) of the Amended and Restated Certificate of Incorporation (as amended from time to time, the “Certificate of Incorporation”) of CBOT Holdings, Inc. (the “Corporation”) to be filed with the Secretary of State of the State of Delaware in connection with, and immediately prior to, the demutualization and restructuring of the Board of Trade of the City of Chicago, Inc. (the “Restructuring”) as described in the Registration Statement filed by the Corporation with, and declared effective by, the Securities and Exchange Commission in connection with the Restructuring.

ARTICLE I—STOCKHOLDERS

Section 1. *Stockholder Meetings.*

(1) An annual meeting of the stockholders of the Corporation, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date, and at such time as the Board of Directors of the Corporation (the “Board of Directors”) shall each year fix, which date shall be within thirteen (13) months of the last annual meeting of stockholders.

(2) Nominations of persons for election to the Board of Directors or the Nominating Committee and the proposal of business to be transacted by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation’s notice with respect to such meeting, (b) by or at the direction of the Board of Directors or (c) by any stockholder of record of the Corporation who was a stockholder of record at the time of the giving of the notice provided for in the following paragraph, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this section.

(3) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of the foregoing paragraph, (1) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, (2) such business must be a proper matter for stockholder action under the General Corporation Law of the State of Delaware (as amended from time to time, the “DGCL”), (3) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice, as that term is defined in subclause (c)(iii) of this paragraph, such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation’s voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation’s voting shares reasonably believed by such stockholder or beneficial holder to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice and (4) if no Solicitation Notice relating thereto has been timely provided pursuant to this section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this section. To be timely, a stockholder’s notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than twenty (20) or more than sixty (60) days prior to the first anniversary (the “Anniversary”) of the date on which the Corporation first mailed its proxy materials for the preceding year’s annual meeting of stockholders; provided, however, that for purposes of the first annual meeting of stockholders following the Effective Time, or if the date of an annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year’s annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of (i) the 45th day prior to such annual meeting or (ii) the 10th day following the day on which public

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announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director (x) all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (y) whether the stockholder proposes to nominate such person to be an Independent Director (as defined in Section 1 of Article II of these Bylaws), a Series B-1 Director, a Series B-2 Director, the Vice-Chairman Director or the Chairman Director (as such terms are defined in Section A of Article VI of the Certificate of Incorporation) and, if applicable, a statement that such person satisfies the applicable criteria for Independent Directors, Series B-1 Directors, Series B-2 Directors, Vice-Chairman Director or Chairman Director, as applicable, and (z) such person's written consent to serve as a director or member of the Nominating Committee, as applicable if elected and, if applicable, a written undertaking to promptly provide to the Secretary of the Corporation upon request any information that the Corporation deems to be relevant to the determination of whether such person satisfies the applicable criteria for Independent Directors, Series B-1 Directors, Series B-2 Directors, Vice-Chairman Director or Chairman Director, as applicable; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of the Corporation that are owned beneficially and of record by such stockholder and such beneficial owner, and (iii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent, a "Solicitation Notice").

(4) In the event that (a) a stockholder proposes to nominate an individual for election or reelection as a director of the Corporation or as a member of the Nominating Committee; (b) such stockholder has satisfied each of the terms and conditions set forth in paragraph (3) of this Section 1 for the nomination of such nominee; and (c) such stockholder has delivered to the Secretary of the Corporation a written petition executed by at least forty stockholders who are also holders of Series B-1, Class B Memberships in the Board of Trade of the City of Chicago, Inc., a nonstock, for-profit subsidiary of the Corporation (the "CBOT Subsidiary") proposing to nominate such nominee, the Corporation shall, to the extent it prepares and delivers a proxy statement and form of proxy, at its own expense, use commercially reasonable efforts to include the name of such nominee and all other information required as a matter of law in such proxy statement and form of proxy.

(5) Notwithstanding anything in the second sentence of the third paragraph of this Section 1 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least fifty-five (55) days prior to the Anniversary, a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(6) Only persons nominated in accordance with the procedures set forth in this Section 1 shall be eligible to be elected as directors or members of the Nominating Committee at an annual meeting of stockholders, and only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this section. The chairman of the meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has been made in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defectively proposed business or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

(7) For purposes of these Bylaws, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document

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publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(8) Notwithstanding the foregoing provisions of this Section 1, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 1. Nothing in this Section 1 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

### Section 2. *Special Meetings.*

(1) Special meetings of the stockholders, other than those required by statute, may be called by the Chairman of the Board or by the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board. For purposes of these Bylaws, the term "Whole Board" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. The Board of Directors may postpone or reschedule any previously scheduled special meeting.

(2) A special meeting shall be called by the Chairman of the Board or the Board of Directors upon receipt by the Secretary of the Corporation of a written demand of stockholders entitled to cast 10% of the total number of votes entitled to be cast at such meeting. Any such written demand shall specify the purpose of such special meeting and the special meeting so called shall be limited to the purpose so set forth. The written demand shall also specify the date of such special meeting that shall be a business day not less than sixty (60) nor more than ninety (90) days from the date of such written demand.

(3) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. The chairman of the meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has been made in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defectively proposed business or nomination shall not be presented for stockholder action at the meeting and shall be disregarded. Nominations of persons for election to the Board of Directors or the Nominating Committee may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) by any stockholder of record of the Corporation who is a stockholder of record at the time of giving of notice provided for in this paragraph, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in Section 1 of this Article I. Nominations by stockholders of persons for election to the Board of Directors or the Nominating Committee may be made at such a special meeting of stockholders if the stockholder's notice required by the third paragraph of Section 1 of this Article I shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the day on which public announcement is first made of the date of the special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(4) Notwithstanding the foregoing provisions of this Section 2, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 2. Nothing in this Section 2 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

### Section 3. *Notice of Meetings.*

Notice of the place, if any, date, and time of all meetings of the stockholders, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, shall be given, not less than ten (10) nor more than sixty (60) days before the date on which

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the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the DGCL or the Certificate of Incorporation).

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting, shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

### Section 4. *Quorum.*

At any meeting of the stockholders, the holders of one-third of the voting power of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law.

If a quorum shall fail to attend any meeting, the chairman of the meeting may adjourn the meeting to another place, if any, date or time.

### Section 5. *Organization.*

Such person as the Board of Directors may have designated or, in the absence of such a person, the Chairman of the Board or, in his or her absence, the President of the Corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the voting power of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman of the meeting appoints.

### Section 6. *Conduct of Business.*

The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The chairman shall have the power to adjourn the meeting to another place, if any, date and time. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

### Section 7. *Proxies and Voting.*

At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

The Corporation may, and to the extent required by law, shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may



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designate one or more alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. Every vote taken by ballots shall be counted by a duly appointed inspector or inspectors.

All elections shall be determined by a plurality of the votes cast, and except as otherwise required by law, all other matters shall be determined by a majority of the votes cast affirmatively or negatively.

### Section 8. *Stock List.*

A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder for a period of at least ten (10) days prior to the meeting in the manner provided by law.

The stock list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

### Section 9. *Initial Meeting.*

Notwithstanding anything in these Bylaws to the contrary, with respect to stockholder nominations of persons for election to the Board of Directors at the Initial Meeting (as such term is defined in Section A of Article VI of the Certificate of Incorporation), the Board of Directors may, in its sole and absolute discretion, establish stockholder nomination notice requirements and procedures to apply in lieu of all or part of the stockholder nomination notice requirements and procedures set forth in Section 1 of this Article I and in the second paragraph of Section 2 of this Article I.

## **ARTICLE II—BOARD OF DIRECTORS**

### Section 1. *Number, Election, Term and Qualifications of Directors.*

The effectiveness of the amendment and restatement of these Bylaws shall not change the size or composition of the Board of Directors and the directorships thereon shall continue to have the same voting rights (or no voting rights) associated therewith as were associated with such directorships prior to the effectiveness of the amendment and restatement of these Bylaws. The directors shall serve for such terms and be subject to such qualifications and requirements as are set forth in the Certificate of Incorporation.

For purposes of these Bylaws and the Certificate of Incorporation, “independent director” means a person other than an officer or employee of the Corporation or its subsidiaries or any other individual having a relationship which, in the sole and absolute discretion of the Board of Directors, or in the case of a nominee, the nominating committee of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the responsibilities of a director. The following persons shall not be considered independent:

(A) a director who is a member of the CBOT Subsidiary, or who is employed by the Corporation or the CBOT Subsidiary, or any of their respective affiliates for the current year or any of the past three (3) years;

(B) a director who accepts any compensation from the Corporation or the CBOT Subsidiary, or any of their respective affiliates in excess of \$60,000 during the previous fiscal year, other than compensation

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for board service, benefits under a tax-qualified retirement plan, or non-discretionary compensation or who primarily performs services for the Corporation or the CBOT Subsidiary in a capacity other than as a member of their respective boards of directors;

(C) a director who is a member of the immediate family of an individual who is, or has been in any of the past three years, employed by the Corporation or the CBOT Subsidiary, or any of their respective affiliates as an executive officer. Immediate family includes a person's spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law and anyone who resides in such person's home;

(D) a director who is a partner in, or a controlling stockholder or an executive officer of, any for-profit business organization to which the Corporation or the CBOT Subsidiary made, or from which the Corporation or the CBOT Subsidiary received, payments (other than those arising solely from investments in the Corporation's securities or the CBOT Subsidiary's memberships) that exceed 5% of the Corporation's, the CBOT Subsidiary's, or the business organization's consolidated gross revenues for that year, or \$200,000, whichever is more, in any of the past three years;

(E) a director who is employed as an executive of another entity where any of the Corporation's or the CBOT Subsidiary's executives serve on that entity's compensation committee; and

(F) a director who is an officer, principal (as defined in the Commodity Exchange Act and applicable Regulations promulgated thereunder) or employee of a firm, which holds a membership in the CBOT Subsidiary either in its own name or through an employee on behalf of the firm.

### Section 2. *Chairman of the Board and Vice Chairman of the Board.*

The Chairman of the Board shall be the presiding officer at all meetings of the Board of Directors and shall exercise such other powers and perform such other duties as are delegated to him or her by the Board of Directors.

The Vice Chairman of the Board of Directors shall exercise such powers and perform such duties as are delegated to him or her by the Board of Directors.

### Section 3. *Newly Created Directorships and Vacancies.*

Newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office, though less than a quorum (and not by stockholders), and directors so chosen shall hold office for a term expiring at the next annual meeting of stockholders and until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors shall shorten the term of any incumbent director.

### Section 4. *Regular Meetings.*

Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

### Section 5. *Special Meetings.*

Special meetings of the Board of Directors may be called only by the Chairman of the Board or by a majority of the Whole Board and shall be held at such place, on such date, and at such time as they or he or she shall fix. Notice of the place, date, and time of each such special meeting shall be given to each director by whom it is not waived by mailing written notice not less than five (5) days before the meeting or by telephone or by telegraphing or telexing or by facsimile or electronic transmission of the same not less than twenty-four (24) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

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Section 6. *Quorum.*

At any meeting of the Board of Directors, a majority of the total number of the Whole Board shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof.

Section 7. *Participation in Meetings By Conference Telephone.*

Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board of Directors or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

Section 8. *Conduct of Business.*

At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board of Directors may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law. Action may be taken by the Board of Directors without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 9. *Compensation of Directors.*

Unless otherwise restricted by the certificate of incorporation, the Board of Directors shall have the authority to fix the compensation of the directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or paid a stated salary or paid other compensation as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed compensation for attending committee meetings.

**ARTICLE III—COMMITTEES**

Section 1. *Committees of the Board of Directors.*

The Board of Directors may from time to time designate committees of the Board of Directors, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board of Directors. The Board of Directors shall elect a director or directors to serve as the member or members of any such committee, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Section 2. *Conduct of Business.*

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Except as otherwise determined by the Board of Directors, adequate provision shall be made for notice to members of all meetings; one-third ( $1/3$ ) of

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the members shall constitute a quorum unless the committee shall consist of one (1) or two (2) members, in which event one (1) member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

**ARTICLE IV—OFFICERS**

Section 1. *Generally.*

The officers of the Corporation shall consist of a President (who shall also be Chief Executive Officer), one or more Vice Presidents, a Secretary, a Treasurer and such other officers as may from time to time be appointed by the Corporation.

Section 2. *President.*

The President shall be the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board of Directors, he or she shall have the responsibility to carry on the day to day activities of the Corporation, subject to the Board's authority to review the activities of the President and determine the policies of the Corporation, and for the general management and control of the business and affairs of the Corporation and shall perform all duties and have all powers which are commonly incident to the office of chief executive and which are delegated to him or her from time to time by the Board of Directors.

Section 3. *Vice President.*

Each Vice President shall have such powers and duties as may be delegated to him or her by the Board of Directors. One (1) Vice President shall be designated by the Board of Directors to perform the duties and exercise the powers of the President in the event of the President's absence or disability.

Section 4. *Treasurer.*

The Treasurer shall have the responsibility for maintaining the financial records of the Corporation. He or she shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions and of the financial condition of the Corporation. The Treasurer shall also perform such other duties as the Board of Directors may from time to time prescribe.

Section 5. *Secretary.*

The Secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the stockholders and the Board of Directors. He or she shall have charge of the corporate books and shall perform such other duties as the Board of Directors may from time to time prescribe.

Section 6. *Delegation of Authority.*

The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 7. *Removal.*

Any officer of the Corporation may be removed at any time, with or without cause, by the Board of Directors.

Section 8. *Action with Respect to Securities of Other Corporations.*

Unless otherwise directed by the Board of Directors, the President or any officer of the Corporation authorized by the President shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

**ARTICLE V—STOCK**

Section 1. *Certificates of Stock.*

The shares of capital stock of the Corporation shall be represented by certificates unless the Board of Directors shall by resolution provide that some or all of any class or series of stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until the certificate is surrendered to the Corporation. Notwithstanding the adoption of any resolution providing for uncertificated shares, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the Corporation by, the Chairperson or Vice Chairperson of the Board of Directors, or the President or Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, representing the number of shares registered in certificate form. The form of such certificates and the signatures thereon shall comply with the requirements of the DGCL. Any or all of the signatures on the certificate may be by facsimile.

Section 2. *Transfers of Stock.*

Transfers of stock shall be subject to the restrictions on transfer set forth in the Certificate of Incorporation and shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except where a certificate is issued in accordance with Section 4 of Article V of these Bylaws, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefor.

Section 3. *Record Date.*

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

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Section 4. *Lost, Stolen, Mutilated or Destroyed Certificates.*

In the event of the loss, theft, mutilation or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft, mutilation or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

Section 5. *Regulations.*

The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

**ARTICLE VI—NOTICES**

Section 1. *Notices.*

If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the DGCL.

Section 2. *Waivers.*

A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at any meeting shall constitute waiver of notice except attendance for the sole purpose of objecting to the timeliness of notice.

**ARTICLE VII—MISCELLANEOUS**

Section 1. *Facsimile Signatures.*

In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 2. *Corporate Seal.*

The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

Section 3. *Reliance upon Books, Reports and Records.*

Each director, each member of any committee designated by the Board of Directors and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 4. *Fiscal Year.*

The fiscal year of the Corporation shall be as fixed by the Board of Directors from time to time.

Section 5. *Time Periods.*

In applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

**ARTICLE VIII—INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Section 1. *Right to Indemnification.*

Each person who was or is made a party to or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director, officer, committee member or employee of the Corporation or is or was serving at the request of the Corporation as a director, officer, trustee, committee member or employee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, trustee, committee member or employee or in any other capacity while serving as a director, officer, trustee, committee member or employee shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article VIII with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors.

Section 2. *Right to Advancement of Expenses.*

In addition to the right to indemnification conferred in Section 1 of this Article VIII, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the DGCL requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise.

Section 3. *Right of Indemnitee to Bring Suit.*

If a claim under Section 1 or 2 of this Article VIII is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time

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thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VIII or otherwise shall be on the Corporation.

### Section 4. *Non-Exclusivity of Rights.*

The rights to indemnification and to the advancement of expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, Bylaws, agreement, vote of stockholders or directors or otherwise.

### Section 5. *Insurance.*

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

### Section 6. *Indemnification of Agents of the Corporation.*

The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

### Section 7. *Nature of Rights.*

The rights conferred upon indemnitees in this Article VIII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article VIII that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.



**ARTICLE IX—AMENDMENTS**

The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board of Directors shall require the approval of a majority of the Whole Board. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Corporation; *provided, however*, that any adoption, amendment or repeal of the Bylaws of the Corporation by the stockholders shall require the affirmative vote of a majority of the votes cast on any such properly presented proposal at any annual or special meeting of the stockholders of the Corporation.

\* \* \* \*

APPENDIX H

AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF

**BOARD OF TRADE OF THE  
CITY OF CHICAGO, INC.**

**(Originally incorporated in the State of Delaware under the name  
Delaware CBOT, Inc. on May 12, 2000)**

ARTICLE I

NAME

The name of the corporation is Board of Trade of the City of Chicago, Inc. (hereinafter referred to as the "Corporation").

ARTICLE II

REGISTERED AGENT

The address of the registered office of the Corporation in the State of Delaware is 9 Loockerman Street, in the City of Dover, County of Kent, Delaware 19901. The name of the registered agent of the Corporation at such address is National Registered Agents, Inc.

ARTICLE III

CORPORATE PURPOSES

The nature of the business or purposes to be conducted or promoted by the Corporation are to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (as amended from time to time, the "DGCL").

ARTICLE IV

MEMBERSHIP

*A. General.*

The Corporation shall have no authority to issue capital stock. The terms and conditions of membership in the Corporation shall be as provided in or pursuant to this Certificate of Incorporation and the Bylaws of the Corporation (the "Bylaws").

*B. Classes and Series of Membership.*

Membership in the Corporation shall be divided into classes and series as set forth in this Article IV.

*1. Class A Membership.*

There shall be one Class A Membership, which Class A Membership shall be held by CBOT Holdings, Inc., a Delaware corporation ("CBOT Holdings"). Except to the extent (if any) expressly provided herein or required by law, CBOT Holdings, as the holder of the sole Class A Membership, shall have the right to vote on any matter to be voted on by the members of the Corporation other than on those matters expressly reserved to the vote of the holders of Series B-1 and Series B-2, Class B memberships in the Corporation and shall have the exclusive

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right to receive any dividend or other distribution (including upon liquidation, dissolution, winding-up or otherwise) to be declared, paid or distributed by the Corporation (except as provided in Section B(2) of this Article IV), and no other member of or class or series of membership in the Corporation shall be entitled to vote on any matter except as set forth below or to receive any such dividend or other distribution (except as provided in Section B(2) of this Article IV). In addition to those general voting rights of the Class A membership set forth in this Section B(1) of this Article IV, the affirmative vote of the Class A membership shall be required to permit the Corporation to approve, in one transaction or in a series of related transactions: (a) any merger or consolidation of the Corporation with or into another entity, (b) any purchase by, investment in, or other acquisition or formation by the Corporation of any business or assets which are, or are intended to be, competitive, as determined by the Board of Directors of the Corporation in its sole and absolute discretion, with the business conducted or proposed to be conducted at such time by the Corporation, (c) any sale (or other transfer) to a third party involving assets of the Corporation that constitute a significant amount of the total assets of the Corporation, (d) any amendment or change to (or elimination of) Sections B(1) and E of Article IV of this Certificate of Incorporation or (e) any dissolution or liquidation of the Corporation. For purposes of clause (c) of the foregoing provision, a significant amount of the total assets of the Corporation shall mean 10% of the fair market value of the assets, both tangible and intangible, of the Corporation as of the time of the approval by the Board of Directors of the proposed sale (or other transfer), as determined by the Board of Directors of the Corporation in its sole and absolute discretion.

### *2. Class B Membership.*

Class B Memberships shall represent the right to trade on and otherwise utilize the facilities of the Corporation in accordance with and to the extent permitted by this Certificate of Incorporation, the Bylaws and the Rules and Regulations of the Corporation (collectively, the "Rules," which shall be incorporated into and made part of the Bylaws). There shall be authorized three thousand seven hundred two (3,702) Class B Memberships, which shall be divided into five (5) series ("Series") as follows:

1,402 Series B-1, Class B Memberships;  
867 Series B-2, Class B Memberships;  
148 Series B-3, Class B Memberships;  
642 Series B-4, Class B Memberships; and  
643 Series B-5, Class B Memberships.

Class B Memberships shall have no right to receive any dividend or other distribution (including upon liquidation, dissolution, winding-up or otherwise) to be declared, paid or distributed by the Corporation with the sole exception of the dividend of shares of CBOT Holdings to be declared and paid in connection with the restructuring of the Corporation and the creation of the Class B Memberships. The respective rights and privileges of each Series of Class B Membership shall be as provided in or pursuant to this Certificate of Incorporation, the Bylaws and the Rules.

### *3. Class C Membership.*

Class C Memberships shall represent the right, subject to satisfaction of certain requirements set forth in the Rules, to become a member of the Chicago Options Exchange Incorporated (including any successor thereto, the "CBOE") without having to purchase a membership on the CBOE pursuant to Article Fifth(b) of CBOE's certificate of incorporation. There shall be one thousand four hundred two (1,402) Class C Memberships. Class C Memberships shall have no right to receive any dividend or other distribution (including upon liquidation, dissolution, winding-up or otherwise) to be declared, paid or distributed by the Corporation. The holders of Class C Memberships shall not be entitled to vote on any matter. The respective rights and privileges of Class C Memberships shall be as provided in or pursuant to this Certificate of Incorporation, the Bylaws and the Rules.

### *C. Class B Voting Rights.*

Except as otherwise expressly provided in this Certificate of Incorporation, the holders of Class B Memberships shall not be entitled to vote on any matter. On any matter on which the holders of Series B-1,

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Class B Memberships and Series B-2, Class B Memberships are entitled to vote together as a single class pursuant to this Certificate of Incorporation, each holder of Series B-1, Class B Memberships shall be entitled to one (1) vote per such membership and each holder of Series B-2, Class B Memberships shall be entitled to one-sixth (1/6) of one (1) vote per such membership.

### D. *Special Rights of Class B Membership.*

The holders of each Series of Class B Membership shall have the trading rights and other rights and privileges, and shall be subject to the restrictions, terms and conditions, set forth below.

#### 1. *Series Trading Rights.*

(a) *Series B-1.* Each holder of a Series B-1, Class B Membership who satisfies the qualifications for and requirements of Full Membership in the Corporation as set forth in the Rules shall be entitled to the rights and privileges of, and shall be subject to the restrictions, conditions and limitations on, a Full Member as set forth in this Certificate of Incorporation, the Bylaws and the Rules.

(b) *Series B-2.* Each holder of a Series B-2, Class B Membership who satisfies the qualifications for and requirements of Associate Membership in the Corporation as set forth in the Rules shall be entitled to the rights and privileges of, and shall be subject to the restrictions, conditions and limitations on, an Associate Member as set forth in this Certificate of Incorporation, the Bylaws and the Rules.

(c) *Series B-3.* (1) Each holder of a Series B-3, Class B Membership who satisfies the qualifications for and requirements of being a holder of a one-half Associate Membership as set forth in clause (2) of Rule 296.00 of the Rules shall be entitled to the rights and privileges of, and subject to the restrictions, conditions and limitations on, a holder of a one-half Associate Membership as set forth in the Certificate of Incorporation, the Bylaws and the Rules.

(2) Each holder of a Series B-3, Class B Membership who satisfies the qualifications for and requirements of being a holder of a GIM Membership Interest in the Corporation as set forth in clause (1) of Rule 296.00 of the Rules shall be entitled to the rights and privileges of, and shall be subject to the restrictions, conditions and limitations on, a holder of a GIM Membership Interest as set forth in this Certificate of Incorporation, the Bylaws and the Rules.

(d) *Series B-4.* Each holder of a Series B-4, Class B Membership who satisfies the qualifications for and requirements of being a holder of an IDEM Membership Interest in the Corporation as set forth in the Rules shall be entitled to the rights and privileges of, and shall be subject to the restrictions, conditions and limitations on, a holder of an IDEM Membership Interest as set forth in this Certificate of Incorporation, the Bylaws and the Rules.

(e) *Series B-5.* Each holder of a Series B-5, Class B Membership who satisfies the qualifications for and requirements of being a holder of a COM Membership Interest in the Corporation as set forth in the Rules shall be entitled to the rights and privileges of, and shall be subject to the restrictions, conditions and limitations on, a holder of a COM Membership Interest as set forth in this Certificate of Incorporation, the Bylaws and the Rules.

(f) In addition to the rights and privileges set forth above, except as otherwise provided in the Certificate of Incorporation, the Bylaws or the Rules, each holder of a Class B Membership of any Series shall be entitled to all trading rights and privileges with respect to those products that such holder is entitled to trade on the open outcry exchange system of the Corporation or any electronic trading system maintained by the Corporation or any of its affiliates or any of their respective successors or successors-in-interest.

#### 2. *Series B-1 and B-2, Class B Voting Rights.*

(a) In addition to any approval of the Board of Directors required by this Certificate of Incorporation, the Bylaws or applicable law, the affirmative vote of the holders of a majority of the votes cast by the

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holders of Series B-1, Class B Memberships and Series B-2, Class B Memberships, voting together as a class based on their respective voting rights at any annual or special meeting of the Corporation, shall be required to adopt any amendment or make any change to this Certificate of Incorporation, the Bylaws or the Rules that, in the sole and absolute determination of the Board of Directors, adversely affects:

- (1) the allocation of products that the holders of any Series of Class B Membership are permitted to trade on the exchange facilities of the Corporation (including both the open outcry trading system and the electronic trading system),
- (2) the requirement that, except as provided in that certain Agreement, dated August 7, 2001, between the Corporation and CBOE, as modified by those certain Letter Agreements, dated October 24, 2001, and September 13, 2002, between the Corporation, CBOT Holdings and the CBOE, in each case, as may be amended from time to time in accordance with their respective terms, holders of Class B Memberships who meet the applicable membership and eligibility requirements will be charged transaction fees for trades of the Corporation's products for their accounts that are lower than the transaction fees charged to any participant who is not a holder of Class B Membership for the same products, whether trading utilizing the open outcry trading system or the electronic trading system,
- (3) the number of authorized classes or series of memberships, or number of memberships, in the CBOT subsidiary (it being understood that any change to the number of classes or series of memberships, or number of memberships, shall be deemed to adversely affect such right),
- (4) the membership qualifications or eligibility requirements for holding any Series of Class B Membership or exercising any of the membership rights and privileges associated with such Series, or
- (5) the Commitment to Maintain Open Outcry Markets set forth in Section F of Article IV of this Certificate of Incorporation.

For purposes of clause (1) of this Section, the allocation of products that the holders of any Series of Class B Membership are permitted to trade on the exchange facilities of the Corporation shall be deemed to be adversely affected only if a product is eliminated from the allocation of products the holders of a particular Series of Class B Memberships are permitted to trade.

(b) In addition to their right to vote on the matters specified in the preceding paragraph (a), holders of Series B-1 and Series B-2, Class B Memberships shall also be entitled, at any annual or special meeting of members, to (i) adopt, repeal or amend the Bylaws of the Corporation, or (ii) make non-binding recommendations that the Board of Directors of the Corporation consider proposals that require the approval of the Board of Directors of the Corporation, including recommendations that the board consider a specific proposal, in each case subject to such requirements and conditions for the initiation of proposals by members as may be stated in this Certificate of Incorporation or in the Bylaws. Any proposal brought pursuant to this Section D(2)(b) of Article IV shall require the affirmative vote of the holders of a majority of the votes cast by the holders of Series B-1, Class B Memberships and Series B-2, Class B Memberships, voting together as a single class based on their respective voting rights, at any annual or special meeting of the Corporation.

(c) On any matter on which holders of Series B-1 and Series B-2, Class B Memberships are entitled to vote pursuant to paragraphs (a) and (b) of this Article IV(D)(2), such holders of Series B-1 and Series B-2, Class B Memberships shall be the only members of the Corporation entitled to vote thereon. Holders of Series B-1 and Series B-2, Class B Memberships shall have no other voting rights except as expressly set forth herein and shall not have the right to take action by written consent in lieu of a meeting. One-third of the total voting power of the Series B-1 and Series B-2, Class B Memberships present in person or by proxy shall constitute a quorum at any meeting to take action on the matters as to which such holders are entitled to vote pursuant to paragraphs (a) and (b) of this Article IV(D)(2). Series B-3, Series B-4 and Series B-5, Class B Memberships shall have no right to vote on any matters or to initiate any proposals at or for any meeting of members. For purposes of any vote of the holders of Series B-1, Class B Memberships and

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Series B-2, Class B Memberships permitted by this Certificate of Incorporation, the Board of Directors shall be entitled to fix a record date, and only holders of record as of such record date shall be entitled to vote on the matter to be voted on.

### 3. *Conversion Rights of Series B-3.*

(a) *Conversion.* Subject to, and upon compliance with, the provisions of this Section D(3) of Article IV, any two (2) Series B-3, Class B Memberships shall be convertible at the option of the holder into one (1) Series B-2, Class B Membership.

(b) *Mechanics of Conversion.* A holder of Series B-3, Class B Memberships may exercise the conversion right specified in Section D(3)(a) of Article IV by delivering to the Corporation or any transfer agent of the Corporation written notice stating that the holder elects to convert such memberships, accompanied by the certificates or other instruments, if any, representing the memberships to be converted. Conversion shall be deemed to have been effected on the date when delivery of such written notice, accompanied by such certificate or other instrument, if any, is made, and such date is referred to herein as the Conversion Date. As promptly as practicable after the Conversion Date, the Corporation may issue and deliver to or upon the written order of such holder a certificate or other instrument, if any, representing the number of Series B-2, Class B Memberships to which such holder is entitled as a result of the exercise of such conversion right. The person in whose name the certificates or other instruments representing Series B-2, Class B Memberships are to be issued shall be deemed to have become the holder of record of such Series B-2, Class B Memberships on the applicable Conversion Date.

(c) *Memberships Reserved for Issuance.* The Corporation shall take all actions necessary to reserve and make available at all times for issuance upon the conversion of Series B-3, Class B Memberships, such number of Series B-2, Class B Memberships as are issuable upon the conversion of all outstanding Series B-3, Class B Memberships.

### E. *Restriction on Transfer.*

1. Except as otherwise provided in this Article IV.E, no Class B Membership may be sold, transferred or otherwise disposed of (excluding any hypothecation thereof) except (a) by operation of law, (b) in a transaction specifically approved by the Board of Directors of the Corporation or a duly authorized committee thereof or (c) in a transaction consummated in connection with and conditioned upon the sale, transfer or disposition of shares of common stock (including any successor interests, the "Common Stock") of CBOT Holdings, that results in the number of shares of Common Stock of CBOT Holdings associated with the series of such Class B Membership, as set forth hereinafter in this Section E, being simultaneously sold, transferred or disposed of to the same transferee of such Class B Membership. The number of shares of Common Stock of CBOT Holdings that must be sold, transferred or otherwise disposed of in accordance with the preceding sentence is as follows: twenty five thousand (25,000) shares of Common Stock with one (1) Series B-1, Class B Membership; five thousand (5,000) shares of Common Stock with one (1) Series B-2, Class B Membership; two thousand five hundred (2,500) shares of Common Stock with one (1) Series B-3, Class B Membership; three hundred (300) shares of Common Stock with one (1) Series B-4, Class B Membership; and three hundred fifty (350) shares of Common Stock with one (1) Series B-5, Class B Membership.

2. The restrictions contained in this Article IV.E shall be terms and conditions of membership in the Corporation and any purported sale, transfer or other disposition of a Class B Membership not in accordance with this Article IV.E shall be void and shall not be recorded on the books of or otherwise recognized by the Corporation.

F. *Commitment to Maintain Open Outcry Markets.* Subject to the terms and conditions of this Section F of Article IV, the Corporation shall maintain open outcry markets operating as of the effective date of the

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amendment and restatement of this Certificate of Incorporation creating Class B Memberships and provide financial support to each such market for technology, marketing and research, which the Board of Directors determines, in its sole and absolute discretion, is reasonably necessary to maintain each such open outcry market.

Notwithstanding the foregoing or any other provision of this Certificate of Incorporation, the Board of Directors may discontinue any open outcry market at such time and in such manner as it may determine if (1) the Board of Directors determines, in its sole and absolute discretion, that a market is no longer "liquid" or (2) the holders of a majority of the voting power of the then outstanding Series B-1, Class B Memberships and Series B-2, Class B Memberships, voting together as a single class based on their respective voting rights, approve the discontinuance of such open outcry market.

For purposes of the foregoing, an open outcry market will be deemed "liquid" for so long as it meets either of the following tests, in each case as measured on a quarterly basis:

- (a) if a comparable exchange-traded product exists, the open outcry market has maintained at least 30 percent (30%) of the average daily volume of such comparable product (including for calculation purposes, volume from Exchange-For-Physicals transactions in such open outcry market); or
- (b) if no comparable exchange-traded product exists, the open outcry market has maintained at least 40 percent (40%) of the average quarterly volume in that market as maintained by the Corporation in 2001 (including, for calculation purposes, volume from Exchange-For-Physicals transactions in such open outcry market).

**ARTICLE V**

**MANAGEMENT OF AFFAIRS**

The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

A. In accordance with Sections 141(a) and 141(j) of the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of a governing body, which shall be known as the "Board of Directors," and the composition of which shall be as set forth in Article VI of this Certificate of Incorporation. In addition to the powers and authority expressly conferred upon them by statute or by this Certificate of Incorporation, the Bylaws or the Rules, the directors are hereby empowered to exercise all powers and do all acts and things as may be exercised or done by the Corporation.

B. A special meeting of members shall be called by the Chairman of the Board or the Board of Directors upon receipt by the Chairman of the Board or the Secretary of the Corporation of a written demand of the holders of Series B-1, Class B Memberships and Series B-2, Class B Memberships entitled to cast 10% of the total number of votes entitled to be cast at such meeting. Any such written demand shall specify the purpose of such special meeting and the special meeting so called shall be limited to the purpose so set forth. The written demand shall also specify the date of such special meeting that shall be a business day not less than ten (10) nor more than sixty (60) days from the date of such written demand. The purpose of any special meeting shall be stated in the notice thereof.

C. Any action required or permitted to be taken by the members of the Corporation must be effected at a duly called annual or special meeting of members of the Corporation and may not be effected by any consent in writing by such members, provided that the holder of the Class A Membership shall have the right to effect by consent in writing any action which would require the approval of the holder of the Class A membership at a duly called annual or special meeting of the members of the Corporation.

**ARTICLE VI  
BOARD OF DIRECTORS**

The holder of the Class A Membership shall have the exclusive right to vote for and elect the members of the Board of Directors. To qualify for election to, and continued service on, the Board of Directors as of any particular time, a person must, as of such time, be a member of the board of directors of CBOT Holdings. The Chairman of the Board of CBOT Holdings shall, whenever he or she is serving as a member of the Board of Directors, be Chairman of the Board of Directors and the Vice Chairman of the Board of CBOT Holdings shall, whenever he or she is serving as a member of the Board of Directors, be Vice Chairman of the Board of Directors.

**ARTICLE VII  
AMENDMENT OF BYLAWS**

The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation, provided that any change to the matters set forth in Section D(2)(a) of Article IV shall also require the approval of holders of Series B-1, Class B Memberships and Series B-2, Class B Memberships as specified therein. The Series B-1, Class B Memberships and Series B-2, Class B Memberships shall also have power to adopt, amend or repeal the Bylaws. The only members of the Corporation with any power to adopt, amend or repeal the Bylaws or the Rules of the Corporation shall be the holders of the Series B-1, Class B Memberships and Series B-2, Class B Memberships, as set forth in Article IV.D.2 of this Certificate of Incorporation, and no other member of, or class or series of membership in, the Corporation shall have any such power.

**ARTICLE VIII  
LIMITATION OF LIABILITY**

A director of the Corporation shall not be personally liable to the Corporation or its members for monetary damages for breach of fiduciary duty as a director, except for liability (A) for any breach of the director's duty of loyalty to the Corporation or its members, (B) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (C) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification. For purposes of this Article, the term "director" shall, to the fullest extent permitted by the DGCL, include any person who, pursuant to this Certificate of Incorporation, is authorized to exercise or perform any of the powers or duties otherwise conferred upon a board of directors by the DGCL.

**ARTICLE IX  
AMENDMENT OF CERTIFICATE OF INCORPORATION**

The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware, and all rights conferred upon the members of the Corporation are granted subject to this reservation. Any amendment of, or repeal of any provision contained in, this Certificate of Incorporation shall require the approval of the Board of Directors and the holder of the Class A Membership, provided that, on any such amendment or repeal as to which the holders of Series B-1, Class B Memberships and Series B-2, Class B Memberships are entitled to vote under Section D(2) of Article IV hereof, the holder of the Class A Membership shall not be entitled to vote and such amendment or repeal shall require the approval of the holders of a majority of the votes cast on any such properly presented proposal at any annual or special meeting of the members of the Corporation.

\* \* \* \*



**APPENDIX I**  
**AMENDED AND RESTATED BYLAWS**  
**OF**  
**BOARD OF TRADE OF THE**  
**CITY OF CHICAGO, INC.**

These Bylaws shall take effect at the effective time (the “Effective Time”) of the Amended and Restated Certificate of Incorporation (as amended from time to time, the “Certificate of Incorporation”) of Board of Trade of the City of Chicago, Inc. (the “Corporation”) to be filed with the Secretary of State of the State of Delaware in connection with the merger of the Corporation and the restructuring thereof (the “Restructuring”) as described in the Registration Statement filed with the Securities and Exchange Commission in connection with the Restructuring; provided that, effective immediately upon the approval and adoption of these Bylaws by the membership of the Corporation at the meeting thereof called to vote upon the propositions relating to the Restructuring, for the avoidance of doubt, any limitation or restriction heretofore contained in the Bylaws, Rules (the “Rules”) and Regulations (the “Regulations”) of the Corporation with respect to the rights of any holder of a Full Membership, Associate Membership, one-half participation interest in an Associate Membership, which shall constitute a membership in the Corporation of the same class as a GIM Membership Interest, GIM Membership Interest, IDEM Membership Interest or COM Membership Interest to receive the dividend to be declared and distributed in connection with the Restructuring shall be and hereby is eliminated and the holders of each of the foregoing classes of membership shall, until the Effective Time, be deemed to be members of the Corporation (of their respective class) as that term is used in the Delaware General Corporation Law.

**ARTICLE I—RULES AND REGULATIONS**

Section 1. *Incorporation of Rules and Regulations.*

In accordance with the Certificate of Incorporation of the Corporation, the Rules and the Regulations, each as they may be amended from time to time, are hereby incorporated by reference into and made part of these Bylaws.

Section 2. *Member Consent to Be Bound.*

The Board of Directors may adopt, amend or repeal the Regulations, which shall not be in conflict with the Rules, and which shall have the binding effect of Rules. By majority vote, the Board of Directors may delegate, to particular committees as designated by the Board of Directors, the power to adopt, amend or repeal Regulations. Applicants for membership and any person or entity holding any membership in the Corporation shall be required to sign a written agreement to observe and be bound by the Certificate of Incorporation, the Bylaws, Rules and Regulations of the Corporation, as each may be amended from time to time. In addition, the Board of Directors may adopt interpretations of the Certificate of Incorporation, Bylaws, Rules and Regulations (“Interpretations”) which shall be incorporated into and deemed to be Regulations.

**ARTICLE II—MEMBERSHIP**

Section 1. *Terms and Conditions.*

The terms and conditions of membership in the Corporation, including, without limitation, the rights and obligations of members, member firms and delegates, shall be as provided herein, in the Certificate of Incorporation and in the Rules and Regulations. Without limiting the foregoing, requirements with respect to, and restrictions and limitations on, the ownership, use, purchase, sale, transfer or other disposition of any membership

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or interest therein, or any other interest of or relating to the Corporation or membership therein, including the payment of proceeds from the sale, transfer or other disposition of any membership or interest therein, shall be as provided herein, in the Certificate of Incorporation and in the Rules and Regulations, or as otherwise provided in accordance with applicable law.

### Section 2. *Voting Rights.*

Members shall have such voting rights as are specified in the Certificate of Incorporation. To the extent authorized by the Certificate of Incorporation, the Board of Directors shall be entitled to fix a record date for purposes of determining the members entitled to vote on any matter. Except as expressly provided in the Certificate of Incorporation of the Corporation, on any matter upon which the holders of Series B-1 and Series B-2, Class B memberships in the Corporation are entitled to vote, such members shall have the authority to authorize such proposal on the affirmative vote of a majority of votes cast at any annual or special meeting of the members of the Corporation.

### Section 3. *Annual and Special Meetings.*

The directors of the Corporation shall be elected by the holder of the Class A Membership at an annual meeting to be held on a date designated by the Board of Directors, provided that no annual meeting need be held if the holder of the Class A Membership has elected directors by written consent without a meeting. Special meetings of the members may be called only by those persons, and in the manner specified, in the Certificate of Incorporation; provided that a special meeting shall be called by the Chairman of the Board or the Board of Directors upon receipt by the Chairman of the Board or the Secretary of the Corporation of a written demand of Class B Members entitled to cast 10% of the total number of votes entitled to be cast at such meeting. Any such written demand shall specify the purpose of such special meeting and the special meeting so called shall be limited to the purpose so set forth. The written demand shall also specify the date of such special meeting that shall be a business day not less than ten (10) nor more than sixty (60) days from the date of such written demand. The purpose of any special meeting shall be stated in the notice thereof.

### Section 4. *Notice of Meetings.*

Written notice of the place, date, and time of all meetings of the members shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each member entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation). The notice of any special meeting of members shall also state the purpose or purposes for which such meeting is called.

When a meeting is adjourned to another place, date or time, written notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, written notice of the place, date, and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting without regard to the presence of a quorum at such adjournment.

### Section 5. *Quorum.*

The presence of the holder of the Class A membership, in person or by proxy, shall constitute a quorum with respect to any matter on which the holder of the Class A Membership is entitled to vote pursuant to the Certificate of Incorporation, or any meeting called to vote on such matters.

With respect to any matter on which the holders of Class B Memberships are entitled to vote pursuant to the Certificate of Incorporation, or any meeting called to vote on such matters, the presence of holders of Class B Memberships, in person or by proxy, representing one-third of the votes entitled to be cast on such matters, shall constitute a quorum. If a quorum shall fail to attend any meeting, the chairman of the meeting or, in

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his or her absence, the Chairman of the Board of Directors or the President, or the holder of the Class A Membership, may adjourn the meeting to a subsequent time.

### Section 6. *Organization.*

Such person as the Board of Directors may have designated or, in the absence of such a person, the Chairman of the Board of Directors or, in his or her absence, such person as may be chosen by the holder of the Class A Membership, shall call to order any meeting of the members and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman appoints.

### Section 7. *Conduct of Business.*

The chairman of any meeting of members shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order.

### Section 8. *Written Consent of Members in Lieu of Meeting.*

Except as otherwise provided in the Certificate of Incorporation, any action required to be taken at any annual or special meeting of members of the Corporation, or any action which may be taken at any annual or special meeting of the members, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the number of members that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of members are recorded. Delivery made to the Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each member who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the date the earliest dated consent is delivered to the Corporation, a written consent or consents signed by a sufficient number of members to take action are delivered to the Corporation in the manner prescribed in the first paragraph of this Section.

## **ARTICLE III—BOARD OF DIRECTORS**

Section 1. *General.* The Board of Directors shall be comprised of such persons, who shall be subject to such qualifications, shall be appointed in such manner and shall have and exercise such powers, as provided in the Certificate of Incorporation.

Section 2. *Quorum.* A majority of the total number of directors then in office shall constitute a quorum of the Board of Directors.

Section 3. *Attendance at Board Meetings.*

Members of the Board of Directors or any committee who are physically present at a meeting of the Board of Directors or any committee may adopt as the procedure of such meeting that, for quorum purposes or

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otherwise, any member not physically present but in continuous communication with such meeting shall be deemed to be present. Continuous communication shall exist only when, by conference telephone or similar communications equipment, a member not physically present is able to hear and be heard by each other member deemed present, and to participate in the proceedings of the meeting.

### Section 4. *Regular Meetings.*

The Board of Directors shall hold regular meetings at such times as the Board of Directors may determine from time to time.

### Section 5. *Special Meetings.*

Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors or the President, and shall be called by the Secretary upon the written request of three Directors. The Secretary shall give at least one hour's notice of such meetings either by announcement on Change or by call letter.

### Section 6. *Certain Rights and Restrictions.*

The right of any person to vote, participate or take any action in any capacity as a member of the Board of Directors or any committee, panel or other body shall be subject to such requirements and restrictions as may be provided herein, in the Certificate of Incorporation and in the Rules and Regulations.

## **ARTICLE IV—COMMITTEES AND DEPARTMENTS**

### Section 1. *General.*

To the fullest extent permitted by law and the Certificate of Incorporation, the Board of Directors shall have the power to appoint, and to delegate authority to, such committees of the Board of Directors as it determines to be appropriate from time to time.

### Section 2. *Additional and Standing Committees.*

In addition to such committees as may be authorized by the Board of Directors from time to time, the Corporation shall have such additional and standing committees, which shall be comprised of such persons having such powers and duties, as provided in the Rules and Regulations. Any person may be disqualified from serving on or participating in the affairs of any committee to the extent provided in the Rules and Regulations.

### Section 3. *Departments.*

The Corporation shall have such departments as are authorized in or in accordance with the Rules and Regulations.

## **ARTICLE V—OFFICERS**

### Section 1. *General.*

The Corporation shall have such officers, with such powers and duties, as provided herein and in the Certificate of Incorporation.

### Section 2. *Chairman of the Board.*

The Chairman of the Board of Directors of CBOT Holdings, Inc. shall, whenever he or she is serving as a member of the Board of Directors of the Corporation, be the Chairman of the Board of Directors of the Corporation.

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### Section 3. *President.*

The President shall be the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board of Directors, he or she shall have the responsibility to carry on the day to day activities of the Corporation, subject to the Board's authority to review the activities of the President and determine the policies of the Corporation, and for the general management and control of the business and affairs of the Corporation and shall perform all duties and have all powers which are commonly incident to the office of chief executive and which are delegated to him or her from time to time by the Board of Directors.

### Section 4. *Officers Other Than President.*

The Board of Directors shall appoint such Vice Presidents as it may deem necessary or desirable for the efficient management and operation of the Corporation. The Executive Vice President and any other Vice Presidents shall be responsible to the President. The Board of Directors shall also appoint such other officers as may be necessary. The Board of Directors may prescribe the duties and fix the compensation of all such officers and they shall hold office during the will of the Board of Directors.

### Section 5. *Bonding of Employees.*

The President, Secretary, Assistant Secretary, Treasurer and Assistant Treasurer shall be placed under bond of \$50,000 each, premiums to be paid out of the general funds of the Corporation; and such other employees of the Office of the Secretary, who handle funds of the Corporation, shall be bonded in the sum of \$5,000 each, premiums to be paid out of the general funds of the Corporation.

### Section 6. *Secretary.*

The Secretary shall perform such duties as may be delegated to him or her by the Board of Directors or the President. In addition he or she shall be charged with the following specific duties:

- (a) To take charge of the books, papers, and corporate seal of the Corporation;
- (b) To attend all meetings of the Corporation and the Board of Directors, and to keep official records thereof;
- (c) To give notices when required of all Board of Directors and membership meetings;
- (d) To conduct the correspondence of the Corporation under the direction of the proper officers;
- (e) To furnish to the Chairman of every Special Committee a copy of the resolution whereby such Committee was created;
- (f) To post all notices which may be required to be posted upon the bulletin board;
- (g) To keep his or her office open during usual business hours;
- (h) To see that the rooms and property of the Corporation are kept in good order;
- (i) To attest, upon behalf of the Corporation, all contracts and other documents requiring authentication;
- (j) To permit members to examine the records of the Corporation upon reasonable request; and
- (k) To post on the bulletin board from time to time the names of all warehouses, the receipts of which are declared regular for delivery, and also, upon direction of the Board of Directors, to post any fact tending to impair the value of receipts issued by such warehouses.

### Section 7. *Assistant Secretaries.*

Assistant Secretaries shall perform such duties as the Secretary or the Board of Directors may require, and shall act as Secretary in the absence or disability of the Secretary.

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Section 8. *Treasurer.*

The Treasurer shall have general charge of all funds belonging to the Corporation, and shall be charged with the following specific duties:

(a) The Treasurer shall receive from the Secretary deposit of funds belonging to the Corporation. Checks in amounts over \$10,000 shall be signed by either the President, the Chief Financial Officer, the Treasurer, the Secretary or the Assistant Secretary and countersigned by the Chairman of the Board of Directors, a Vice Chairman of the Board of Directors or one (1) of the three (3) other elected members of the Executive Committee;

(b) To make an annual report to the Corporation of all receipts and disbursements; and

(c) To keep all of his or her accounts in permanent books of account belonging to the Corporation, which books shall at all times be open to the examination of the Board of Directors or any committee thereof.

Section 8. *Assistant Treasurer.*

The Assistant Treasurer shall perform such duties as the Treasurer or the Board of Directors may require, and shall act as Treasurer in the absence or disability of the Treasurer.

**ARTICLE VI—NOTICES**

Section 1. *Notices.*

Except as otherwise specifically provided herein or required by law, all notices required to be given to any member, director, committee member, officer, employee or agent shall be in writing and may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mails, postage paid, or by sending such notice by prepaid telegram or mailgram. Any such notice shall be addressed to such member, director, committee member, officer, employee or agent at his or her last known address as the same appears on the books of the Corporation. The time when such notice is received, if hand delivered, or dispatched, if delivered through the mails or by telegram or mailgram, shall be the time of the giving of the notice.

Section 2. *Waivers.*

A written waiver of any notice, signed by a member, director, committee member, officer, employee or agent, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such member, director, committee member, officer, employee or agent. Neither the business nor the purpose of any meeting need be specified in such a waiver.

**ARTICLE VII—MISCELLANEOUS**

Section 1. *Facsimile Signatures.*

Facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 2. *Corporate Seal.*

The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

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### Section 3. *Reliance upon Books, Reports and Records.*

Each director and each member of any committee designated by the Board of Directors, shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

### Section 4. *Fiscal Year.*

The fiscal year of the Corporation shall be as fixed by the Board of Directors from time to time.

### Section 5. *Time Periods.*

Except as otherwise specifically provided, in applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

## **ARTICLE VIII—INDEMNIFICATION OF DIRECTORS AND OFFICERS**

### Section 1. *Right to Indemnification.*

Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director, officer, committee member or employee of the Corporation or is or was serving at the request of the Corporation as a Director, officer, trustee, committee member or employee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a Director, officer, trustee, committee member or employee or in any other capacity while serving as a Director, officer, trustee, committee member or employee, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article VIII with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

### Section 2. *Right to Advancement of Expenses.*

The right to indemnification conferred in Section 1 of this Article VIII shall include the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a Director or officer (and not in any other capacity in which service was or is rendered by such indemnitee,

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including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an “undertaking”), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a “final adjudication”) that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections 1 and 2 of this Article VIII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a Director, officer, committee member or employee and shall inure to the benefit of the indemnitee’s heirs, executors and administrators.

### Section 3. *Right of Indemnitee to Bring Suit.*

If a claim under Section 1 or 2 of this Article VIII is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its members) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its members) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VIII or otherwise shall be on the Corporation.

### Section 4. *Non-Exclusivity of Rights.*

The rights to indemnification and to the advancement of expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation’s Certificate of Incorporation, Bylaws, agreement, vote of members or disinterested Directors or otherwise.

### Section 5. *Insurance.*

The Corporation may maintain insurance, at its expense, to protect itself and any Director, officer, committee member or employee of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

### Section 6. *Indemnification of Agents of the Corporation.*

The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.



Section 7. *Corporation Defense Expenses.*

Any member or member firm who fails to prevail in a lawsuit or any other type of legal proceeding instituted by that member or member firm against the Corporation or any of its officers, Directors, committee members, employees or agents must pay to the Corporation all reasonable expenses, including attorney's fees, incurred by the Corporation in the defense of such proceeding. Any member or member firm required to compensate the Corporation pursuant to this section shall be assessed interest on such amount at the rate of Prime plus one percent (1%), which interest shall accrue from the date such amount was demanded in writing after the member or member firm failed to prevail in a lawsuit or any other type of legal proceeding against the Corporation.

**ARTICLE IX—AMENDMENTS**

The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation. The holders of Series B-1 and Series B-2, Class B memberships in the Corporation shall also have power to adopt, amend or repeal the Bylaws of the Corporation; *provided, however*, that any adoption, amendment or repeal of the Bylaws of the Corporation by the holders of Series B-1 and Series B-2, Class B memberships shall require the affirmative vote of a majority of the votes cast on any such properly presented proposal at any annual or special meeting of the members of the Corporation.

\* \* \* \*

APPENDIX J

STATUS OF CERTAIN CURRENT CBOT RULES AND REGULATIONS AS A RESULT OF THE RESTRUCTURING TRANSACTIONS

The following summary provides the status of certain CBOT rules and regulations that will either be amended and restated, restated in their entirety or repealed in connection with the completion of the restructuring transactions. Where an existing rule or regulation will be either modified and restated or restated in its entirety, the location of the new provision in the certificate of incorporation of the CBOT subsidiary, the form of which is attached to this document as Appendix H, and/or the bylaws of the CBOT subsidiary, the form of which is attached to this document as Appendix I, has been identified for your information and reference. However, because changes are being made to many of the restated provisions, you should review and consider carefully the new provisions before voting on the propositions relating to the restructuring transactions. In addition, the CBOT's current rules and regulations and, subject to changes to the rules and regulations occurring from time to time after the date of this document, the form of the rules and regulations of the CBOT subsidiary immediately after the restructuring transactions have been filed as exhibits to the registration statement of which this document is a part. **We urge you to review carefully all of these materials in connection with your consideration of the restructuring transactions.**

We currently expect that these changes to our rules and regulations, which will form part of the bylaws of the CBOT subsidiary, will take effect at the time that the certificate of incorporation of the CBOT subsidiary becomes effective and that the CBOT subsidiary will publish an amended and restated Rulebook as soon as reasonably practicable thereafter. We currently plan to make copies of this new Rulebook available to holders of Class B and Class C memberships in the CBOT subsidiary in accordance with our past practice and procedures.

110.00 *Petition Ballot Vote Communications*—In the event that a ballot vote is forced by petition, all official communications, either written or presented at a Member meeting, will be accompanied by the views of both the Board and the petitioners. The Exchange will provide to the petitioners a minimum of 10 days from the receipt of notice to prepare written or presentation materials to accompany Exchange official communications. The petitioners will be represented by a registered sponsor (an individual who submits the original petitions and who chooses to register as the sponsor) or his designee. If there is no registered sponsor for the petition, the views of the Board and the petitioners should be equitably represented by the Chief Legal Counsel of the Exchange. (01/01/00)

**Rule 110.00 will be repealed.**

134.00 *Board Member Voting Records*—The voting record (except those involving strategic planning or disciplinary issues) of each individual Board member should be recorded and available the day following the vote at the Secretary's office to any interested Full or Associate Member. (01/01/00)

**Rule 134.00 will be repealed.**

144.00 *Assistant Secretaries*—Assistant Secretaries shall perform such duties as the Secretary or the Board may require, and shall act as Secretary in the absence or disability of the Secretary. 78 (08/01/94)

**Rule 144.00 will be repealed.**

162.01 *Standing Committees*—Standing Committees may be made up of full and associate members of the Association and members of the staff of the Association, unless otherwise specifically provided for in the Rules and Regulations. In addition, holders of GIM, IDEM or COM Membership Interests may be appointed by the Chairman of the Board to serve as non-voting advisors to any Committee. The Chairman of the Board and the President shall be ex-officio (non-voting) members of all committees of which they are not regular members. The Chairman of the Board, with the approval of the Board of Directors, may appoint full or associate members to both committees and subcommittees. (08/01/94)

**Regulation 162.01 will be repealed. See the Bylaws; Article IV.**

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- 162.05 *Additional Committees*—In addition to those appointed by the Chairman of the Board, the Board may appoint such committees as it sees fit and prescribe the duties thereof. 1023 (08/01/94)
- Regulation 162.05 will be repealed. See the Bylaws; Article IV; Section 2.**
- 181.00 *Retirement*—The Board is authorized to adopt, maintain, amend, and terminate, from time to time, a plan or plans for the retirement of employees of the Association and its wholly owned subsidiary corporations and for the payment of pensions to such retired employees; provided, however that no such plan or plans shall be applicable to employees who are covered by a collective bargaining agreement pension plan; and provided, further, that no retired employee now receiving retirement compensation shall have his combined Government assistance and retirement compensation which was in effect prior to September 1, 1950, reduced as a result of any such plan or plans. 76 (08/01/94)
- Rule 181.00 will be repealed.**
- 184.00 *Appropriations*—There shall be no appropriation of money or property of the Association except for the purpose of its legitimate business or to promote the purposes of its organization. 601 (08/01/94)
- Rule 184.00 will be repealed.**
- 185.00 *Repealing Clause*—These Rules shall be effective upon such days as may be proclaimed by the Board. Upon the taking effect of these Rules, all former Rules and Regulations shall be repealed, except as herein provided, and except that prior transactions shall be governed by the Rules previously in effect. 606 (08/01/94)
- Rule 185.00 will be repealed.**
- 186.00 *Liability Under Previous Rules and Regulations*—The provisions of the Rules and Regulations in force immediately prior to the adoption of these Rules and Regulations shall be superseded hereby, except that such adoption shall not affect the liability of any member of the Association for any offense theretofore committed, or any rights or liabilities theretofore acquired or incurred. 607 (08/01/94)
- Rule 186.00 will be repealed.**
- 190.00 *Compensation Information*—Information enumerating all compensation and gifts (over a value of \$1,000) from the Exchange of any kind and nature, including, but not limited to, salaries, deferred payments, bonuses, retirement benefits, trusts, and potential severance payments to the President, Executive Vice-Presidents, members of the Board of Directors, or to any organizations, corporations, partnerships, or associations with which the above individuals are associated either as shareholders, partners, or by other means will be made available on a quarterly basis at the Secretary's office to any interested Full or Associate Member requesting this information. (01/01/00) FORMAL INTERPRETATION OF CBOT RULE 190.00-COMPENSATION INFORMATION (Adopted by Board of Directors February 15, 2000)

Pursuant to Rule 190.00, the following information will be made available on a quarterly basis by the Secretary's Office to any Full or Associate member requesting this information:

**Compensation**

Information enumerating all direct compensation and gifts (over a value of \$1,000) from the Exchange of any kind and nature since the beginning of the CBOT's last fiscal year, including but not limited to, salaries, deferred payments, bonuses, retirement benefits, trusts and potential severance payments to the President, Executive Vice-Presidents, and members of the Board of Directors.

## Transactions

Information about any transaction or series of similar transactions to which the Exchange or any of its subsidiaries was or is a party, and in which the President, any Executive Vice-President, any member of the Board of Directors, or any immediate family member of such persons, had or has a material interest. An interest shall not be deemed “material” within the meaning of this rule:

- (a) Where the interest arises only (i) from such person’s position as a director of another corporation or organization which is a party to the transaction; or (ii) from the direct or indirect ownership by such person of less than a ten percent (10%) equity interest in another person (other than a partnership) which is a party to the transaction; or (iii) from both such position and ownership.
- (b) Where the interest arises only from such person’s position as a limited partner in a partnership in which the person and all other persons specified in the above paragraph have an interest of less than ten percent (10%); or
- (c) Where the interest arises solely from the holding of an equity interest (including a limited partnership interest, but excluding a general partnership interest) or a creditor interest in another person that is a party to the transaction with the Exchange or any of its subsidiaries, and the transaction in question represents five percent (5%) or less of the other entity’s consolidated gross revenues for its last full fiscal year. (04/01/00)

### **Rule 190.00 will be repealed.**

Rule 296.00 *Elimination of GIM Membership Interests*—Subject to the exceptions set forth below, on the effective date of the Rule, each existing GIM Membership Interest shall automatically become a one-half participation in an Associate Membership; each unaccumulated one-quarter participation in a GIM Membership Interest shall automatically become a one-eighth participation in an Associate Membership; and status as a GIM Membership Interest holder or nominee shall cease respectively for each individual who owns a GIM Membership Interest or is a nominee of a firm-owned GIM Membership Interest. Fractional participations in an Associate Membership shall carry no privileges of a Membership or Membership Interest, including but not limited to trading and voting privileges.

- (1) With respect to individuals who own GIM Membership Interests, each individual who (a) applied for approval as a GIM Membership Interest holder prior to January 21, 1986, and whose application for such approval was pending as of January 21, 1986 and/or (b) acquired his current GIM Membership Interest as of January 21, 1986, or pursuant to a bid to purchase that was listed with the Exchange as of January 21, 1986, may continue as a GIM Membership Interest holder subject to all the privileges and obligations such Membership Interest entails. However, each GIM Membership Interest covered by this exception may only be sold or transferred as a one-half participation in an Associate Membership. The limitations on transfers of a GIM Membership Interest described in this Rule 296.00(1) shall not apply when (i) the transferor is the estate of a deceased membership interest holder and the transferee is the decedent’s spouse and (ii) the GIM Membership Interest has not already been transferred pursuant to this sentence.
- (2) With respect to nominees of firm-owned GIM Membership Interests, each nominee who has had this current GIM Membership Interest assigned to him as of January 21, 1986, may, at the assigning firm’s election, continue as a GIM Membership Interest nominee subject to all the privileges and obligations such Membership Interest entails. In addition, a firm shall be permitted to assign any GIM Membership Interest it owns to two consecutive nominees following the nominee who was assigned such Membership Interest as of January 21, 1986. However, each firm-owned GIM Membership Interest covered by this exception may only be sold as a one-half participation in an Associate Membership.

None of the foregoing shall preclude individuals covered by paragraph (1) or firms covered by paragraph (2) from treating their GIM Membership Interests as one-half participations in Associate Memberships and combining them with the other fractional participations in Associate Memberships. (11/01/99).

**Rule 296.00 will be amended and restated as follows:**

*Transfer Restrictions on GIM Memberships /One-Half Associate Memberships*—At the Effective Time, each GIM Membership and one-half Associate Membership shall be subject to the restrictions, conditions and limitations set forth below.

- (1) *Non-Transferred GIM Memberships.* Except as otherwise provided below, a holder of a GIM Membership that has not been sold or transferred prior to the Effective Time (“Non-Transferred GIM Memberships”) may continue as a GIM Membership holder following the Effective Time with all the privileges and obligations such Membership entails. However, in the event that any Non-Transferred GIM Membership is sold or transferred after the Effective Time, such Non-Transferred GIM Membership shall be treated as a Transferred GIM Membership (as defined in clause (2) below). This limitation shall not apply when (x) the transferor is the estate of a deceased Non-Transferred GIM Membership holder and the transferee is the decedent’s spouse and (y) the Non-Transferred GIM Membership has not already been transferred pursuant to this sentence.

Furthermore, a member firm may assign any GIM membership that it owns to two consecutive nominees following the nominee who was assigned such Membership as of January 26, 1986, and still retain the status of such membership as a Non-Transferred GIM Membership.

- (2) *Transferred GIM Memberships/One-Half Associate Memberships.* One-half Associate Memberships and Non-Transferred GIM memberships that have been sold or transferred after the Effective Time in a manner other than as permitted in clause (1) above (collectively, “Transferred GIM Memberships”) shall not be permitted to exercise the trading rights and privileges associated with the GIM Memberships.

None of the foregoing shall preclude the holders of Transferred GIM Memberships or Non-Transferred GIM Memberships from exercising their right to convert their GIM Membership into an one-half Associate Membership and to exchange two one-half Associate Memberships in exchange for an Associate Membership in accordance with the terms of Article IV D.3 of the Certificate of Incorporation.

**Interpretation**—The Board of Directors adopted the following on April 17, 1990 as a formal rule interpretation which confirms established Exchange practice: “For purposes of all petition provisions in Rules 102.00 ‘Nominations for Elective Office’ and 107.00 ‘Amendment of Rules’, the signature of an Associate Member shall count for 1/6th of the signature of a Full Member.” (08/01/94)

**The above Interpretation will be repealed.**

We currently expect that Rules 210.00 and 221.00, which relate to the exercise right, will be amended to reflect the interpretations set forth in the August 7, 2001 agreement and related October 24, 2001 letter agreement entered into by the CBOT, CBOT Holdings and the Chicago Board Options Exchange. In addition, we may, from time to time, adopt as part of, and in connection with, the restructuring transactions, additions, deletions or other modifications to the rules and regulations as the board of directors may deem necessary, proper or advisable in order to implement the restructuring transactions in a manner consistent with the disclosure set forth in this document.

\* \* \* \*

**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 20. Indemnification of Directors and Officers**

*Delaware General Corporation Law*

Under Section 145 of the Delaware General Corporation Law, CBOT Holdings is empowered to indemnify its directors and officers in the circumstances therein provided. Certain portions of Section 145 are summarized below:

Section 145(a) of the Delaware General Corporation Law provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful.

Section 145(b) of the Delaware General Corporation Law provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

Section 145(c) of the Delaware General Corporation Law provides that to the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 145(a) and (b), or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 145(d) of the Delaware General Corporation Law provides that any indemnification under Section 145(a) and (b) (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 145(a) and (b). Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (1) by a majority vote of the directors who were not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

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Section 145(e) of the Delaware General Corporation Law provides that expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in Section 145. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

Section 145(f) of the Delaware General Corporation Law provides that the indemnification and advancement of expenses provided by, or granted pursuant to, Section 145 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Section 145(g) of the Delaware General Corporation Law provides that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's capacity as such, whether or not the corporation would have the power to indemnify such person against such liability under Section 145.

### *Amended and Restated Certificate of Incorporation*

The amended and restated certificate of incorporation, as amended, provides that a director of CBOT Holdings shall not be personally liable to CBOT Holdings or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to CBOT Holdings or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law ("DGCL"), or (iv) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the CBOT Holdings shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

### *Bylaws*

Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of CBOT Holdings or is or was serving at the request of CBOT Holdings as a director, officer or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee or in any other capacity while serving as a director, officer or trustee, shall be indemnified and held harmless by CBOT Holdings to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits CBOT Holdings to provide broader indemnification rights than such law permitted CBOT Holdings to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as otherwise provided in the bylaws with respect to proceedings to enforce rights to indemnification, CBOT Holdings shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the board of directors.

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In addition, an indemnitee shall also have the right to be paid by CBOT Holdings the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the DGCL requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to CBOT Holdings of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses.

If a claim for indemnification is not paid in full by CBOT Holdings within sixty (60) days after a written claim has been received by CBOT Holdings, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against CBOT Holdings to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by CBOT Holdings to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by CBOT Holdings to recover an advancement of expenses pursuant to the terms of an undertaking, CBOT Holdings shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of CBOT Holdings (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by CBOT Holdings (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by CBOT Holdings to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under the bylaws or otherwise shall be on CBOT Holdings.

The rights to indemnification and to the advancement of expenses conferred in the bylaws shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, CBOT Holdings' certificate of incorporation, agreement, vote of stockholders or directors or otherwise.

### *Insurance*

CBOT Holdings may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of CBOT Holdings or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not CBOT Holdings would have the power to indemnify such person against such expense, liability or loss under the DGCL.



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**Item 21. Exhibits and Financial Statement Schedules**

**(a) Exhibits**

<u>Exhibit Number</u>	<u>Description</u>
2.1	Form of Agreement and Plan of Merger between Board of Trade of the City of Chicago, Inc. CBOT Holdings, Inc. and a wholly owned subsidiary (Reference is hereby made to Appendix C of the Proxy Statement and Prospectus).
3.1	Amended and Restated Certificate of Incorporation of the not-for-profit Board of Trade of the City of Chicago, Inc. (Incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 6, 2001).*
3.2	Form of Amended and Restated Certificate of Incorporation of the for-profit Board of Trade of the City of Chicago, Inc. (Reference is hereby made to Appendix H of the Proxy Statement and Prospectus).
3.3	Amended and Restated Bylaws of the not-for-profit Board of Trade of the City of Chicago, Inc. (Incorporated by reference to Exhibit 3.3 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 6, 2001).*
3.4	Form of Amended and Restated Bylaws of the for-profit Board of Trade of the City of Chicago, Inc. (Reference is hereby made to Appendix I of the Proxy Statement and Prospectus).
4.4	Rules and Regulations of the not-for-profit Board of Trade of the City of Chicago, Inc.
4.5	Form of Rules and Regulations of the for-profit Board of Trade of the City of Chicago, Inc. (subject to further changes after the date of this Registration Statement).
4.7	Form of Common Stock certificate for CBOT Holdings, Inc.*
4.8	Form of Amended and Restated Certificate of Incorporation of CBOT Holdings, Inc. (Reference is hereby made to Appendix F of the Proxy Statement and Prospectus).
4.9	Form of Amended and Restated Bylaws of CBOT Holdings, Inc. (Reference is hereby made to Appendix G of the Proxy Statement and Prospectus).
4.10	Agreement, dated September 1, 1992, by and between Board of Trade of the City of Chicago and Chicago Board Options Exchange Incorporated.*
4.11	Agreement, dated August 7, 2001, by and between Board of Trade of the City of Chicago, Inc. and Chicago Board Options Exchange Incorporated (Reference is hereby made to Appendix E-1 of the Proxy Statement and Prospectus).
4.12	Letter Agreement, dated October 24, 2001, by and between Board of Trade of the City of Chicago, Inc., CBOT Holdings, Inc. and Chicago Board Options Exchange Incorporated (Reference is hereby made to Appendix E-2 of the Proxy Statement and Prospectus).
4.13	Letter Agreement, dated September 13, 2002, by and between Board of Trade of the City of Chicago, Inc., CBOT Holdings, Inc. and Chicago Board Options Exchange, Incorporated (Reference is hereby made to Appendix E-3 of the Proxy Statement and Prospectus).
5	Form of Opinion of Morris, Nichols, Arsht & Tunnell as to legality of the securities being registered.
8.1	Form of Opinion of Kirkland & Ellis concerning certain tax matters.*
8.2	Internal Revenue Service Private Letter Ruling, dated September 30, 2002.*
10.1	Agreement, dated April 14, 2000, between the Board of Trade of the City of Chicago and Thomas R. Donovan (Incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*

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<u>Exhibit Number</u>	<u>Description</u>
10.2	Letter Agreement, dated April 18, 2000, between the Board of Trade of the City of Chicago and Dennis A. Dutterer (Incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.3	Letter Agreement, dated April 18, 2000, between the Board of Trade of the City of Chicago and Board of Trade Clearing Corporation (Incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.4	Executive Employment Agreement, dated May 18, 1999, between the Board of Trade of the City of Chicago and Patrick J. Catania (Incorporated by reference to Exhibit 10.4 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.5	Amendment to Executive Employment Agreement, dated February 28, 2001, between the Board of Trade of the City of Chicago, Inc. and Patrick J. Catania (Incorporated by reference to Exhibit 10.5 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.6	Executive Employment Agreement, dated May 18, 1999, between the Board of Trade of the City of Chicago and Carol A. Burke (Incorporated by reference to Exhibit 10.6 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.7	Amendment to Executive Employment Agreement, dated February 28, 2001, between the Board of Trade of the City of Chicago and Carol A. Burke (Incorporated by reference to Exhibit 10.7 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.8	Note Purchase Agreement, dated as of March 1, 1997, among the Board of Trade of the City of Chicago and each of the purchasers limited in Schedule A attached thereto (Incorporated by reference to Exhibit 10.8 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.9	Credit Agreement, dated as of August 11, 2000, between the Board of Trade of the City of Chicago, Inc. and Bank One, N.A. (Incorporated by reference to Exhibit 10.9 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.10	Security Agreement, dated as of August 11, 2000, between the Board of Trade of the City of Chicago, Inc. and Bank One, N.A. (Incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.11	Second Amended and Restated Limited Partnership Agreement of Ceres Trading Limited Partnership, dated September 8, 1997 (Incorporated by reference to Exhibit 10.11 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.12	Executive Employment Agreement, dated as of February 20, 2001, between the Board of Trade of the City of Chicago, Inc. and David J. Vitale (Incorporated by reference to Exhibit 10.12 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.13	License Agreement, dated as of June 5, 1997, between Dow Jones & Company, Inc. and the Board of Trade of the City of Chicago (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).*

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<u>Exhibit Number</u>	<u>Description</u>
10.14	Amendment to License Agreement, dated as of September 9, 1997, between Dow Jones & Company, Inc. and the Board of Trade of the City of Chicago (Incorporated by reference to Exhibit 10.14 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.15	Second Amendment to License Agreement, dated as of February 18, 1998, between Dow Jones & Company, Inc. and the Board of Trade of the City of Chicago (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).*
10.16	Third Amendment to License Agreement, dated as of May, 1998, between Dow Jones & Company, Inc. and the Board of Trade of the City of Chicago (Incorporated by reference to Exhibit 10.16 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.22	Second Amended and Restated License Agreement, dated as of August 25, 2000, between the Board of Trade of the City of Chicago and Ceres (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).*
10.23	ISDA Master Agreement and related foreign exchange forward contracts, dated as of September 27, 2000, between Bank of America, N.A. and Ceres (Incorporated by reference to Exhibit 10.23 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.24	Promissory Note, dated March 30, 2001, given by the Board of Trade of the City of Chicago, Inc. to Hitachi Credit America Corp. (Incorporated by reference to Exhibit 10.24 to the Registration Statement on Form S-4 filed by the Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on April 6, 2001).*
10.25	Security Agreement, dated March 30, 2001, between the Board of Trade of the City of Chicago, Inc. and Hitachi Credit America Corp. (Incorporated by reference to Exhibit 10.25 to the Registration Statement on Form S-4 filed by the Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on April 6, 2001).*
10.26	Letter Agreement, dated March 21, 2001, between the Board of Trade of the City of Chicago, Inc. and James P. Amaral. (Incorporated by reference to Exhibit 10.26 to the Registration Statement on Form S-4 filed by the Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on April 6, 2001).*
10.27	Agreement, dated July 17, 2001, between the Board of Trade of the City of Chicago, Inc. and Patrick J. Catania.*
10.28	Fourth Amendment to License Agreement, dated December 19, 2001, between Dow Jones & Company, Inc. and the Board of Trade of the City of Chicago (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).*
10.29	Credit Agreement, dated January 15, 2002, between the Board of Trade of the City of Chicago, Inc. and LaSalle Bank National Association.*
10.30	Executive Employment Letter Agreement dated as of February 19, 2002, between the Board of Trade of the City of Chicago, Inc. and David J. Vitale.*
10.31	Software Maintenance Agreement, dated July 10, 2002, between the Board of Trade of the City of Chicago and Ceres Trading Limited Partnership and Deutsche Börse AG, SWX Swiss Exchange, Eurex Zurich AG, and Eurex Frankfurt AG (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).*

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<u>Exhibit Number</u>	<u>Description</u>
10.32	Non-Exclusive Software License Agreement, dated July 10, 2002, between Deutsche Börse AG, SWX Swiss Exchange and Ceres Trading Limited Partnership and the Board of Trade of the City of Chicago (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).*
10.33	Reorganization Agreement, dated July 10, 2002, among Deutsche Börse Aktiengesellschaft, SWX Swiss Exchange, the Board of Trade of the City of Chicago, Ceres Trading Limited Partnership, Electronic Chicago Board of Trade, Inc., Ceres Alliance L.L.C., CBOT/Eurex Alliance, L.L.C., Eurex Beteiligungen AG, Eurex Frankfurt AG, Eurex Zurich AG, Eurex Deutschland, Eurex Clearing AG and Deutsche Börse Systems AG (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).*
10.34	New Systems Operations Agreement, dated July 10, 2002, between the Board of Trade of the City of Chicago and Ceres Trading Limited Partnership and Deutsche Börse AG, Eurex Zurich AG and Eurex Frankfurt AG (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).*
10.35	Third Amended and Restated License Agreement, dated as of July 10, 2002, between the Board of Trade of the City of Chicago and Ceres.*
10.36	General Release and Separation Agreement, between David J. Vitale and Board of Trade of the City of Chicago, Inc. dated as of November 4, 2002.
10.37	Settlement Agreement, dated as of August 23, 2002 by and among Board of Trade of the City of Chicago, Inc., the Chicago Mercantile Exchange, eSpeed, Inc. and Electronic Trading Systems Corporation.**
10.38	Letters relating to the employment of Bernard W. Dan, dated May 11, 2001 and May 15, 2001, from the Board of Trade of the City of Chicago, Inc. to Bernard W. Dan.*
10.39	Letters relating to the employment of William M. Farrow III, dated May 11, 2001 and May 15, 2001, from the Board of Trade of the City of Chicago, Inc. to William M. Farrow III.*
10.40	Software License Agreement, dated as of January 10, 2003, among LIFFE Administration and Management and Board of Trade of the City of Chicago, Inc. (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).
21	Subsidiaries of CBOT Holdings.*
23.1	Consent of Deloitte & Touche, LLP.
23.2	Form of Consent of Morris, Nichols, Arsht & Tunnell (included in Exhibit 5).
23.3	Form of Consent of Kirkland & Ellis (included in Exhibit 8).*
23.4	Consent of William Blair & Company, L.L.C.
24.1	Powers of Attorney (included in signature page).*
99.1	Form of Proxy Card for Special Meeting of Members of the CBOT.*
99.2	Consents of Persons to be Named as Directors of CBOT Holdings and the CBOT Subsidiary.*
99.3	Update Letter of William Blair & Company, L.L.C., dated December 18, 2001.*

\*Previously filed.

\*\*To be filed by amendment.

**(b) Financial Statement Schedules**

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

**(c) Report, Opinion or Appraisal Exhibits**

1. Fairness Opinion of William Blair & Company, L.L.C., dated January 16, 2001 (included in the Proxy Statement and Prospectus as Appendix C-1 that is part of the Registration Statement on Form S-4 initially filed by the Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on January 26, 2001).
2. Update Letter of William Blair & Company, L.L.C., dated December 18, 2001 (filed as Exhibit 99.3 to Amendment No. 3 to the Registration Statement on Form S-4 initially filed by CBOT Holdings, Inc. (Reg. No. 333-72184) on November 12, 2002).
3. Fairness Opinion of William Blair & Company, L.L.C., dated September 17, 2002 (included in the Proxy Statement and Prospectus as Appendix D).

**Item 22. Undertakings.**

Insofar as the indemnification for liabilities arising under the Securities Act of 1933 may be permitted as to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 20, or otherwise, the Registrant has been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payments by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes to respond to requests for information that is incorporated by reference into the document pursuant to Item 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request. The undersigned Registrant hereby further undertakes to supply by means of a post-effective amendment all information concerning a transaction and the company being acquired involved therein, that was not the subject of or included in the registration statement when it became effective.

The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other Items of the applicable form.

The registrant undertakes that every prospectus (i) that is filed pursuant to the immediately preceding paragraph, or (ii) that purports to meet the requirements of section 10(a)(3) of the Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the document any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide thereof.



**EXHIBIT INDEX**

<u>Exhibit Number</u>	<u>Description</u>
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10.3	Letter Agreement, dated April 18, 2000, between the Board of Trade of the City of Chicago and Board of Trade Clearing Corporation (Incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
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10.16	Third Amendment to License Agreement, dated as of May, 1998, between Dow Jones & Company, Inc. and the Board of Trade of the City of Chicago (Incorporated by reference to Exhibit 10.16 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.22	Second Amended and Restated License Agreement, dated as of August 25, 2000, between the Board of Trade of the City of Chicago and Ceres (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).*
10.23	ISDA Master Agreement and related foreign exchange forward contracts, dated as of September 27, 2000, between Bank of America, N.A. and Ceres (Incorporated by reference to Exhibit 10.23 to the Registration Statement on Form S-4 filed by Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on March 26, 2001).*
10.24	Promissory Note, dated March 30, 2001, given by the Board of Trade of the City of Chicago, Inc. to Hitachi Credit America Corp. (Incorporated by reference to Exhibit 10.24 to the Registration Statement on Form S-4 filed by the Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on April 6, 2001).*
10.25	Security Agreement, dated March 30, 2001, between the Board of Trade of the City of Chicago, Inc. and Hitachi Credit America Corp. (Incorporated by reference to Exhibit 10.25 to the Registration Statement on Form S-4 filed by the Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on April 6, 2001).*
10.26	Letter Agreement, dated March 21, 2001, between the Board of Trade of the City of Chicago, Inc. and James P. Amaral. (Incorporated by reference to Exhibit 10.26 to the Registration Statement on Form S-4 filed by the Board of Trade of the City of Chicago, Inc. (Reg. No. 333-54370) on April 6, 2001).*
10.27	Agreement, dated July 17, 2001, between the Board of Trade of the City of Chicago, Inc. and Patrick J. Catania.*
10.28	Fourth Amendment to License Agreement, dated December 19, 2001, between Dow Jones & Company, Inc. and the Board of Trade of the City of Chicago (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).*
10.29	Credit Agreement, dated January 15, 2002, between the Board of Trade of the City of Chicago, Inc. and LaSalle Bank National Association.*
10.30	Executive Employment Letter Agreement dated as of February 19, 2002, between the Board of Trade of the City of Chicago, Inc. and David J. Vitale.*
10.31	Software Maintenance Agreement, dated July 10, 2002, between the Board of Trade of the City of Chicago and Ceres Trading Limited Partnership and Deutsche Börse AG, SWX Swiss Exchange, Eurex Zurich AG, and Eurex Frankfurt AG (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).*
10.32	Non-Exclusive Software License Agreement, dated July 10, 2002, between Deutsche Börse AG, SWX Swiss Exchange and Ceres Trading Limited Partnership and the Board of Trade of the City of Chicago (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).*
10.33	Reorganization Agreement, dated July 10, 2002, among Deutsche Börse Aktiengesellschaft, SWX Swiss Exchange, the Board of Trade of the City of Chicago, Ceres Trading Limited Partnership, Electronic Chicago Board of Trade, Inc., Ceres Alliance L.L.C., CBOT/Eurex Alliance, L.L.C., Eurex Beteiligungen AG, Eurex Frankfurt AG, Eurex Zurich AG, Eurex Deutschland, Eurex Clearing AG and Deutsche Börse Systems AG (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).*

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<u>Exhibit Number</u>	<u>Description</u>
10.34	New Systems Operations Agreement, dated July 10, 2002, between the Board of Trade of the City of Chicago and Ceres Trading Limited Partnership and Deutsche Börse AG, Eurex Zurich AG and Eurex Frankfurt AG (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).*
10.35	Third Amended and Restated License Agreement, dated as of July 10, 2002, between the Board of Trade of the City of Chicago and Ceres.*
10.36	General Release and Separation Agreement, between David J. Vitale and Board of Trade of the City of Chicago, Inc. dated as of November 4, 2002.
10.37	Settlement Agreement, dated as of August 23, 2002 by and among Board of Trade of the City of Chicago, Inc., the Chicago Mercantile Exchange, eSpeed, Inc. and Electronic Trading Systems Corporation.**
10.38	Letters relating to the employment of Bernard W. Dan, dated May 11, 2001 and May 15, 2001, from the Board of Trade of the City of Chicago, Inc. to Bernard W. Dan.*
10.39	Letters relating to the employment of William M. Farrow III, dated May 11, 2001 and May 15, 2001, from the Board of Trade of the City of Chicago, Inc. to William M. Farrow III.*
10.40	Software License Agreement, dated as of January 10, 2003, among LIFFE Administration and Management and Board of Trade of the City of Chicago, Inc. (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment).
21	Subsidiaries of CBOT Holdings.*
23.1	Consent of Deloitte & Touche, LLP.
23.2	Form of Consent of Morris, Nichols, Arsht & Tunnell (included in Exhibit 5).
23.3	Form of Consent of Kirkland & Ellis (included in Exhibit 8).*
23.4	Consent of William Blair & Company, L.L.C.
24.1	Powers of Attorney (included in signature page).*
99.1	Form of Proxy Card for Special Meeting of Members of the CBOT.*
99.2	Consents of Persons to be Named as Directors of CBOT Holdings and CBOT Subsidiary.*
99.3	Update Letter of William Blair & Company, L.L.C., dated December 18, 2001.*

\* Previously filed.

\*\*To be filed by amendment.

CHARTER, BYLAWS, RULES AND  
REGULATIONS

OF THE

CHICAGO  
BOARD OF TRADE

[GRAPHIC OMITTED]

As of January 1, 2003

Chicago Board of Trade Charter, Bylaws, Rules & Regulations  
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\*Not reprinted in Rulebook. Copies are available from the Secretary's Office.

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\*Not reprinted in Rulebook. Copies are available from the Secretary's Office.

AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION

OF

BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
(Originally incorporated on May 12, 2000  
under the name Delaware CBOT, Inc.)

FIRST: The name of the corporation is Board of Trade of the City of Chicago, Inc. (hereinafter referred to as the "Corporation").

SECOND: The address of the registered office of the Corporation in the State of Delaware is 9 East Loockerman Street, in the City of Dover, County of Kent, Delaware 19901. The name of the registered agent of the Corporation at such address is National Registered Agents, Inc.

THIRD: The nature of the business or purposes to be conducted or promoted by the Corporation are:

(a) to maintain a commercial exchange; to promote uniformity in the customs and usages of merchants; to inculcate principles of justice and equity in trade; to facilitate the speedy adjustment of business disputes; to acquire and disseminate valuable commercial and economic information; and, generally, to secure to its members the benefits of cooperation in the furtherance of their legitimate pursuits; and

(b) to engage in any other lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "DGCL").

FOURTH: The Corporation is not for profit and shall have no authority to issue capital stock. Any amendment, alteration or repeal of this Article FOURTH shall require the approval of the Board of Directors and the affirmative vote of the members in accordance with Exhibit A to this Amended and Restated Certificate of Incorporation (including all exhibits, the "Certificate of Incorporation"), which exhibit shall be a part hereof.

FIFTH: The terms and conditions of membership in the Corporation, including, without limitation, the rights and obligations, including trading rights and privileges, of members (full, associate or otherwise), member firms, membership interest holders, delegates and all categories and classes of memberships and other interests in the Corporation, shall be as provided in or pursuant to this Certificate of Incorporation, Exhibit A hereto and the bylaws of the Corporation (including all provisions incorporated therein by reference, the "Bylaws"). Each person or entity that held any membership or other interest in the Board of Trade of the City of Chicago, an Illinois not-for-profit corporation ("Old CBOT"), immediately prior to the merger of Old CBOT with and into the Corporation (the "Merger"), shall hold such membership or other interest in the Corporation immediately following the Merger, subject to this Certificate of Incorporation and the Bylaws, Rules and Regulations (each as hereinafter defined) of the

Corporation.

This Certificate of Incorporation and the Bylaws may be amended from time to time to provide for one or more additional classes of members, membership or other interests, with such terms and conditions, including, without limitation, rights and obligations, including trading rights and privileges, voting rights (or no voting rights), and other qualifications and powers, some or all of which may vary as between classes, as may be provided for herein or in the Bylaws. Any such amendment to this Certificate of Incorporation shall require the approval of the Board of Directors and the affirmative vote of the members in accordance with Exhibit A hereto.

SIXTH: (a) The business and affairs of the Corporation shall be managed by or under the direction of a governing body to be known as the Board of Directors.

(b) Except as otherwise provided in Article Sixth(c) of this Certificate of Incorporation, the Board of Directors shall be comprised of the following eighteen members (all of whom may be referred to hereinafter as "Directors"):

- (1) the Chairman of the Board;
- (2) the Vice Chairman of the Board;
- (3) the President of the Corporation (who shall be a non-voting Director);
- (4) nine elected Directors who shall be Full Members of the Corporation and of whom at least two shall be non-resident (defined for purposes of this provision as a person whose ordinary place of business or occupation is located more than fifty miles from the Court House of Cook County, Illinois);
- (5) four non-member Directors; and
- (6) two Directors who shall be Associate Members of the Corporation.

(c) On and after the first Annual Election (as defined in the Bylaws) following membership approval of a restructuring of the Corporation pursuant to which members will receive stock issued by the Corporation or a holding company that holds, directly or indirectly, a membership or other interest in the Corporation (the "Required Approval"), the Board of Directors shall be comprised of the following nine members (all of whom may be referred to hereinafter as "Directors"):

- (1) one Director who shall serve as the Chairman of the Board;
- (2) one Director who shall not be subject to any qualifications;
- (3) five Directors who shall be members of the Corporation; and

(4) two Directors who shall be "independent directors" as that term is defined in Section 6 of Exhibit B to this Certificate of Incorporation.

The provisions of this Article Sixth (c) shall be of no force and effect unless and until the Required Approval occurs.

(d) The terms of office of such Directors, the manner of their nomination, election or appointment, and other terms and conditions of their service shall be as provided herein and in Exhibit B to this Certificate of Incorporation, which exhibit shall be a part hereof, and in the Bylaws.

SEVENTH: The Corporation shall have Bylaws, which shall include the Rules of the Corporation (the "Rules"), relating to the business of the Corporation, the conduct of its affairs, and its rights or powers or the rights or powers of its members and other interest holders, Directors, officers, employees, agents or other persons having dealings with the Corporation. The Rules shall be set forth in, or incorporated by reference into, the Bylaws and shall be a part thereof. The Bylaws and the Rules may be adopted, amended or repealed by the membership in the manner provided in this Certificate of Incorporation and Exhibit A hereto. The Board of Directors may adopt, amend or repeal Regulations of the Corporation (the "Regulations") not in conflict with the Rules, which shall have the binding effect of Rules. By majority vote, the Board of Directors may delegate, to particular committees as designated by the Board, the power to adopt, amend or repeal Regulations. Applicants for membership and any person or entity holding any membership or other interest in the Corporation shall be required to sign a written agreement to observe and be bound by this Certificate of Incorporation and the Bylaws, Rules and Regulations of the Corporation, as each may be amended from time to time.

EIGHTH: Any person or entity holding any membership or other interest in the Corporation shall hold such membership or interest subject to this Certificate of Incorporation and the Bylaws, Rules and Regulations of the Corporation, as each may be amended from time to time, and shall be required to comply with all requirements hereof and thereof, including, without limitation, the requirements relating to proceeds of membership set forth in Rule 252.00 (as the same may be amended from time to time).

NINTH: The Merger of Old CBOT with and into this Corporation shall have no effect on any rights related to the Chicago Board Options Exchange, Incorporated, including, without limitation, the rights provided in Rule 210.00 (as the same may be amended from time to time), held by any person or entity holding any membership or other interest in the Corporation.

TENTH: A Director of the Corporation shall not be personally liable to the Corporation or its members for monetary damages for breach of fiduciary duty as a Director, except for liability (i) for any breach of the duty of loyalty to the Corporation or its members, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which such Director derived an improper personal benefit. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors or members of

the governing body of a non-stock corporation, then the liability of such Director shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. Any repeal or modification of this provision shall not adversely affect any right or protection of a Director existing at the time of such repeal or modification. For purposes of this Article, the term "Director" shall, to the fullest extent permitted by the DGCL, include any person who, pursuant to this Certificate of Incorporation, is authorized to exercise or perform any of the powers or duties otherwise conferred upon a board of directors by the DGCL.

ELEVENTH: The provisions of this Certificate of Incorporation may be amended, altered or repealed from time to time in accordance with Delaware law, provided that any such amendment, alteration or repeal must be approved by the membership in the manner set forth herein and in Exhibit A hereto.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of the Amended and Restated Certificate of Incorporation of this Corporation as heretofore in effect, and which has been duly adopted in accordance with Sections 242 and 245 of the Delaware General Corporation Law, has been executed by a duly authorized officer of the Corporation this \_\_\_\_ day of November, 2001.

BOARD OF TRADE OF THE CITY OF  
CHICAGO, INC.

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT A

MEMBERSHIP

-----

The rights of members and other interest holders in the Corporation shall be subject to the following provisions:

Section 1. Terms and Conditions of Membership. The terms and conditions of membership in the Corporation, including, without limitation, the rights and obligations, including trading rights and privileges, of members (full, associate or otherwise), member firms, membership interest holders, delegates and all categories and classes of memberships and other interests in the Corporation, shall be as provided in the Certificate of Incorporation and this Exhibit A, and in the Bylaws, Rules and Regulations of the Corporation, as each may be amended from time to time.

Section 2. Election Procedures. Members shall vote to elect persons to serve on the Board of Directors and Nominating Committee as follows. The election of such persons shall be in charge of tellers appointed by the Chairman of the Board. If the Chairman of the Board appoints as teller a non-member employee of a member, the member shall require such employee to serve as teller upon the established terms. All votes shall be cast by secret ballot. No member shall vote who is not in good standing with the Corporation. Members may vote by mail in the Annual Election in the manner prescribed in Section 4 of this Exhibit A. The portions of ballots on which votes are cast for Directors and on which votes are cast for the Nominating Committee shall be rejected unless such portions are marked for a full ticket. The tellers shall receive the ballots and place the same in the ballot box, and shall keep a list of the members voting. After the election, the tellers shall count the ballots and report to the Chairman of the Board the names of the persons elected. The ballots shall be preserved for one month, and, upon request of any interested party, the Board may verify the correctness of the returns.

Section 3. Vote Necessary. The vote required at the Annual Election for the choice of elective offices shall be as specified in this Section.

(a) Chairman and Vice Chairman of the Board. A majority of all votes cast shall be necessary to elect a Chairman of the Board and to elect a Vice Chairman. If no candidate received a majority vote for Chairman of the Board or for Vice Chairman at the Annual Election, another ballot shall be taken fifteen days later; and if again there shall be a failure to elect, a third ballot shall be taken on the fifteenth following day, when a plurality shall elect.  
(11/01/00)

(b) Directors. A plurality of votes shall elect the Directors who are required to be Full Members of the Corporation; provided, however, that if none of the candidates for such offices receiving a plurality of votes is a non-resident member, the non-resident candidate receiving the largest vote as among all non-resident candidates shall be elected Director, in lieu of the resident candidate receiving the lowest winning plurality. A plurality of votes shall elect the Directors who are required to be Associate Members of the Corporation.

(c) Other Elective Offices. For all other elective offices, a plurality of votes shall elect.

Section 4. Voting by Mail. At the Annual Election and at all balloting on propositions submitted to a vote of the members, members may vote by mail by delivering a proxy to the Secretary of the Corporation, or any other person or persons designated by the Board of Directors for these purposes (collectively, the "Proxy"), in the manner hereafter provided. At least ten days prior to the balloting, the Proxy shall send to each member (1) a proxy ballot (a "Proxy Ballot") with which the member can appoint the Proxy as proxy and direct the Proxy how to vote; and (2) a copy of the proposition(s) on which a vote is to be taken. Any member who so desires may mark and execute the Proxy Ballot and deliver or mail it to the Proxy. The Proxy shall deliver all such Proxy Ballots to the tellers in charge of the balloting, and the tellers shall indicate which members have submitted Proxy Ballots. The Proxy shall cast one or more ballots to vote, as proxy, as directed in the Proxy Ballots. No ballots received after the polls have closed shall be counted.

The latest dated Proxy Ballot of a given member delivered or received by mail shall be the Proxy Ballot followed by the Proxy with respect to such member. A member can revoke a Proxy Ballot by voting in person.

Section 5. Amendment of Bylaws. New Bylaws and Rules may be adopted and existing Bylaws and Rules may be amended or repealed by the membership. Proposed amendments may be recommended by the Board of Directors and, upon such recommendation, the Chairman of the Board shall call for a special meeting of the membership to be held not less than ten days or more than sixty days after the proposed amendment shall have been posted upon the bulletin board (which shall not be later than the date Proxy Ballots are sent to each member) and notice thereof shall have been sent to the members. All votes shall be cast by Proxy Ballot pursuant to Section 4 of this Exhibit A or otherwise in person or by proxy. For such proposed amendment to be approved, at least 300 votes must be cast, with at least a majority of such votes being cast in favor of the amendment; if less than 300 votes are cast, such proposal shall be resubmitted to the membership in accordance with the procedures set forth in this Section 5 of this Exhibit A. If twenty-five members or more petition for a special meeting for the purpose of voting upon any proposed amendment, the Board of Directors, within thirty days or at the next regular Board of Directors meeting, whichever is sooner, shall either approve and recommend the proposed amendment and call for a special meeting to vote upon such amendment, or report to the petitioners the reason for its disapproval. If, within thirty days after such disapproval, one hundred members or more petition for a special meeting for the purpose of voting upon such proposed amendment, a special meeting shall be called for in accordance with the procedures set forth in this Section 5 of this Exhibit A as though the proposed amendment had been recommended by the Board of Directors.

A petition for a special meeting for the purpose of voting upon an amendment which in the opinion of the Board of Directors involves the same or substantially the same subject matter as has been submitted to a vote of the membership at a special meeting at which at least 300 votes were cast at any time within the twelve months immediately preceding the receipt of such petition by the Board of Directors shall require the signatures of at least one hundred members.

The Board of Directors shall within thirty days or at the next regular Board of Directors meeting, whichever is sooner, either approve and recommend the proposed amendment and call for a special meeting to vote upon such amendment, or report to the petitioners the reason for its disapproval. If, within thirty days after such disapproval, two hundred and fifty members or more petition for a special meeting for the purpose of voting upon such proposed amendment, a special meeting shall be called for in like manner as though the proposed amendment had been recommended by the Board of Directors and, for such amendment to be approved, at least 300 votes must be cast, with at least two-thirds of such votes being cast in favor of such amendment.

Every petition for amendment shall be signed and dated by each petitioning member. It shall be considered an act detrimental to the welfare of the Corporation for any member to sign a petition for a special meeting for the purpose of a vote on an amendment despite disapproval of such amendment by the Board of Directors unless and until the Board of Directors shall actually have disapproved submission of such amendment.

Section 6. Amendment of Amendment of Bylaws. During the period of posting of an amendment in accordance with Section 5 of this Exhibit A, such amendment may be amended at a special meeting held for that purpose if the amendment to the proposed amendment is approved in a vote of the membership in which at least 300 votes are cast and at least a majority of such votes are cast in favor of the amendment to the proposed amendment. If the proposed amendment is thus amended, the amended amendment shall then be posted for at least ten days before submission to the membership for vote at a special meeting.

Section 7. Other Propositions For Vote By Members. Any proposition which the Board of Directors orders submitted to a vote of the members may be so submitted in accordance with the provisions of this Section 7 of this Exhibit A, unless provision for such a submission is specifically provided by some other provision of the Certificate of Incorporation or Bylaws. Such a proposition may be an amendment to the Corporation's Certificate of Incorporation, or may be any other proposition which by law or by the Bylaws or by the Regulations or by order of the Board of Directors for any other reason is required to be so submitted to a vote of the members. Any number of propositions not exceeding five may be submitted concurrently to such a vote of the members.

In submitting any proposition to a vote of the members, the Board of Directors shall adopt a resolution setting forth such proposition, recommending its adoption and ordering it to be submitted to a vote at a special meeting of the members. Thereupon, the Chairman of the Board shall cause such proposition to be posted upon the bulletin board of the Corporation and shall call for a special meeting upon the proposition on a day to be fixed by the Chairman of the Board, which shall not be less than ten days or more than sixty days after the proposition shall have been posted upon the bulletin board. A notice of the date and time of such special meeting shall be given by mail to each member at least ten days in advance of the date upon which such vote is to be taken. Such notice may be accompanied by a letter from the Chairman of the Board in such form and with such content as the Board of Directors shall approve. A form of Proxy Ballot setting forth the proposition(s) to be voted upon and providing an appropriate space for use by the member in voting "for" or "against" the proposition shall be supplied to each member.



Any such proposition thus submitted to a vote of the members shall be deemed adopted if at least 300 votes shall have been cast in the special meeting and a majority of the votes thus cast shall have been in favor of the adoption of the proposition.

Section 8. Voting Rights. Each Full Member shall be entitled to one vote on all matters that are subject to a vote of the general membership. Each Associate Member shall be entitled to one-sixth (1/6) of one vote on all matters that are subject to a vote of the general membership. Until surrendered for an Associate Membership, no one-half (1/2) participations or multiples thereof, shall have any voting rights. In addition, except as otherwise provided herein, no other member or Membership Interest holder (as defined in the Rules) shall have any voting rights.

EXHIBIT B

BOARD OF DIRECTORS  
-----

The Board of Directors shall be subject to the provisions set forth below:

Section 1. Chairman of the Board. The Chairman of the Board shall be the presiding officer of all membership and Board of Directors meetings and shall exercise such powers and perform such duties as generally appertain to that office. Subject to the approval of the Board of Directors, he may appoint special committees and all other committees where the method of appointment is not otherwise provided for, and may temporarily fill any vacancy in any appointive office other than non-member Director.

Section 2. Vice Chairman. Until the first Annual Election following the Required Approval, the Vice Chairman of the Board ("Vice Chairman") shall perform the duties of the Chairman of the Board in his absence or disability. In the absence or disability of the Chairman of the Board and, to the extent the Vice Chairman remains an elective office, the Vice Chairman, the Board of Directors may choose temporarily an Acting Chairman of the Board.

Section 3. President. (1) The Board of Directors may elect a President of the Corporation, who shall be a non-member, by the affirmative vote of at least two-thirds of the full Board of Directors; (2) the Board of Directors is expressly authorized, by such affirmative vote, to fix the compensation of such President, to prescribe the duties to be performed by him and to prescribe a tenure of office which tenure shall be subject to termination for good cause or otherwise, by a vote of not less than two-thirds of the full Board of Directors; and (3) the Board of Directors is expressly authorized to delegate to the President full power to carry on the day-to-day activities of the Corporation, reserving to itself in such case the authority to review the activities of the President and to determine the policies of the Corporation.

Section 4. President's Duties. (1) The President shall be the Chief Executive Officer of the Corporation responsible to the Board of Directors for the management and administration of its business affairs; (2) he shall serve as chief liaison between the Corporation and the public, including federal, state and local government agencies; (3) he shall be a non-voting Director of the Corporation and a non-voting member of the Executive Committee and shall be included for purposes of determining whether a quorum of the Board of Directors or the Executive Committee is achieved; (4) he shall be an ex officio non-voting member of all appointed and special committees of the Corporation of which he is not a regular member; (5) he shall employ such subordinate administrative personnel as he may determine from time to time are required for the efficient management and operation of the Corporation, and shall establish the qualifications, duties and responsibilities of all subordinate administrative personnel; (6) subject to the approval of the Board, he shall fix the compensation, terms and conditions of employment of all subordinate administrative personnel, and may terminate the employment of such personnel; (7) he shall supervise the activities of the Departments of the Corporation; (8) he shall execute all contracts on behalf of the Corporation; (9) he shall not engage in any other business during his incumbency as President, nor shall he trade for his own account or for the

account of others in any commodity which is traded on the Board of Trade of the City of Chicago; and (10) by his acceptance of the office of President, he shall be deemed to have agreed and he shall have agreed to uphold the Certificate of Incorporation and Bylaws, and the Rules, Regulations and Interpretations, of the Corporation. The Board may confer upon the President such other and additional rights and responsibilities as it may deem warranted; provided, however, that the Board shall not confer upon the President the power to formulate the policies of the Corporation or to take disciplinary action, arbitrate disputes or adjust claims against members except in his capacity as Director upon review of such matters.

Section 5. Tenure of Office.

(a) Except as otherwise provided in Section 5(b) of this Exhibit B, the following provisions relating to tenure of office shall apply:

(1) The term of office of the Chairman of the Board and the Vice Chairman of the Board shall commence immediately following the Annual Election (as defined in the Bylaws) at which he or she is elected and will expire at the second Annual Election thereafter. The term of office of each elected Director shall commence immediately following the Annual Election at which he or she is elected and will expire at the third Annual Election thereafter, except as provided in Section 7 of this Exhibit B. In addition, each non-member Director shall be nominated and appointed pursuant to Section 5(a)(4) of this Exhibit B. The term of the office of each non-member Director shall commence immediately following the Annual Election designated by the Board as the beginning of his or her term of office and will expire at the fourth Annual Election thereafter.

(2) If a vacancy occurs in the office of non-member Director, such vacancy will be filled by a successor nominated and approved pursuant to Section 5(d) of this Exhibit B. The successor non-member Director will take office at the meeting following approval and shall hold office for the remainder of the applicable four-year term.

(3) No member shall be elected by the members of the Corporation to more than:

- Three consecutive two-year terms as Chairman of the Board; or
- Three consecutive two-year terms as Vice Chairman of the Board; or
- Two consecutive three-year terms as elected Director.

The foregoing term limits shall apply separately and distinctly to each of the specified elective offices (i.e., Chairman of the Board, Vice Chairman of the Board, and elected Director). In addition, any terms served in substantially the same office with predecessors to the Corporation shall be counted for purposes of the foregoing term limits. A member who has reached a consecutive term limit in any one of the specified

elective offices shall not thereby be ineligible for election to any other elective office on the Board.

(4) The names of all candidates for the non-member Directors' positions shall be submitted to the Corporation's Nominating Committee. It will be the responsibility of the Nominating Committee to review the qualifications of the candidates and present to the Board of Directors the names of those candidates which the Nominating Committee believes are best qualified to serve on the Board of Directors. The Board of Directors will elect candidates from among those submitted by the Nominating Committee which the Board of Directors believes are best qualified to serve the membership.

(b) On and after the first Annual Election following the Required Approval, the provisions of Section 5(a) shall be of no further force and effect and the following provisions relating to tenure of office shall apply:

(1) Except as otherwise provided in Section 5(b)(2) of this Exhibit B, the term of each Director in office immediately prior to the first Annual Election following the Required Approval shall expire in connection with such Annual Election.

(2) Notwithstanding anything else set forth in this Certificate of Incorporation, the position of the Chairman of the Board shall not be elected at the first Annual Election following the Required Approval but rather shall be held by the person who held the office of the Chairman of the Board immediately prior to the first Annual Election following the Required Approval.

(3) Except as otherwise provided in Section 5(b)(4) of this Exhibit B, each Director elected in connection with the first Annual Election following the Required Approval or thereafter shall have a term of office that will commence immediately following the Annual Election at which he or she is elected and will expire at the first Annual Election following such Director's election. There shall be no limit to the number of terms a Director may serve on the Board of Directors.

(c) If a vacancy occurs in any elective office due to death, resignation or other reason, such vacancy may be filled by a successor elected by the Board of Directors to serve until the next Annual Election or until his or her successor is elected and qualified. If any Director shall absent himself without an excuse from six consecutive regular meetings of the Board of Directors, his or her office may be declared vacant.

(d) For purposes of this Certificate of Incorporation, the "Effective Time" shall mean the effective time of this amendment and restatement of the Certificate of Incorporation to be filed with the Secretary of State of the State of Delaware in connection with the modernization of certain aspects of the Corporation's corporate governance structure, including, but not limited to, the possible reduction in size of the Board of Directors from 18 directors to nine directors.

Section 6. Qualifications for Elective Office.

(a) No person shall be a candidate for a non-resident Full Member Directorship as defined in Article SIXTH of the Certificate of Incorporation unless that person:

- (1) Has been a Full Member for at least three months immediately preceding the deadline for petition candidacy as specified in the Bylaws;
- (2) Remains a Full Member thereafter through and including his election; and
- (3) Has prior experience in the futures industry.

(b) No person shall be a candidate for any other Directorship or elective office required to be filled by a member unless that person is a member at the time of standing for election and has been a member of the Corporation for at least one year next preceding his election. Notwithstanding the foregoing, to the extent a candidate for director is required to be a Full Member, such candidate may count time as an Associate Member towards such one year obligation.

(c) All Directors and members of the Nominating Committee required to be Full Members, which include the Chairman of the Board and Vice Chairman of the Board elected prior to the Required Approval, or Associate Members of the Corporation, shall remain as such throughout their terms. All Directors and members of the Nominating Committee shall be referred to as the "elective officers." Notwithstanding the above, a Director who is required to be an Associate Member and has completed at least one and one-half years of his/her current term of office may continue in that office of Director for the remainder of that term provided that such Director continuously remains either an Associate Member of the Corporation or a Full Member of the Corporation.

(d) Individual delegates of memberships who do not separately hold in their own name a membership of the appropriate class are not eligible to be an elective officer as defined in Section 6(d) of this Exhibit B. Members shall not be ineligible for elective office or for committee appointments based on their having delegated their memberships.

(e) For purposes of Article Sixth(c) of this Certificate of Incorporation, "independent director" means a person other than an officer or employee of the Corporation or its subsidiaries or any other individual having a relationship, which, in the sole and absolute discretion of the Board of Directors, or in the case of a nominee, the Nominating Committee, would interfere with the exercise of independent judgement in carrying out the responsibilities of a Director. The following persons shall not be considered independent:

- (1) a Director who is a member of, or employed by, the Corporation or any of its affiliates for the current year or any of the past three (3) years;
  - (2) a Director who accepts any compensation from the Corporation
- or

any of its affiliates in excess of \$60,000 during the previous fiscal year, other than compensation for board service, benefits under a tax-qualified retirement plan, or non-discretionary compensation, or who primarily performs services for the Corporation in a capacity other than as a member of the Board of Directors;

(3) a Director who is a member of the immediate family of an individual who is, or has been in any of the past three years, employed by the Corporation or any of its affiliates as an executive officer. Immediate family includes a person's spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law and anyone who resides in such person's home;

(4) a Director who is a partner in, or a controlling stockholder or an executive officer of, any for-profit business organization to which the Corporation made, or from which the Corporation received, payments that exceed 5% of the Corporation's or business organization's consolidated gross revenues for that year, or \$200,000, whichever is more, in any of the past three years;

(5) a Director who is employed as an executive of another entity where any of the Corporation's executives serve on that entity's compensation committee; and

(6) a Director who is an officer, principal (as defined in the Commodity Exchange Act and applicable Regulations promulgated thereunder) or employee of a firm, which holds a membership either in its own name or through an employee on behalf of the firm.

#### Section 7. Elective Officers.

(a) Unless and until the Required Approval occurs, the following provisions shall apply:

(1) At the first Annual Election following the Effective Time and at every second Annual Election thereafter, the members of the Corporation shall elect as an officer a Vice Chairman of the Board.

(2) At the first Annual Election following the Effective Time and at every third Annual Election thereafter, the members of the Corporation shall elect the following as officers: three Directors who shall be Full Members (including at least one non-resident as defined in Article SIXTH of the Certificate of Incorporation) and one Director who shall be an Associate Member (and who shall not be a non-resident member as defined in Article SIXTH of this Certificate of Incorporation),

(3) At the first Annual Election following the Effective Time, the members of the Corporation also shall elect, for a two-year term, one Director who shall be a Full Member and a non-resident as defined in Article SIXTH of this Certificate of Incorporation,

(4) At the second Annual Election following the Effective Time and at every second Annual Election thereafter, the members of the Corporation shall elect as an officer a Chairman of the Board,

(5) At the second Annual Election following the Effective Time and at every third Annual Election thereafter, the members of the Corporation shall elect the following as officers: Three Directors who shall be Full Members (including at least one non-resident as defined in Article SIXTH of this Certificate of Incorporation), one Director who shall be an Associate Member (and who shall not be a non-resident member as defined in Article SIXTH of the Certificate of Incorporation),

(6) At the second Annual Election following the Effective Time, the members of the Corporation also shall elect, for one year terms, two Directors who shall be Full Members.

(7) At the third Annual Election following the Effective Time and at every third Annual Election thereafter, the members of the Corporation shall elect the following as officers: Three Directors who shall be Full Members (including at least one non-resident as defined in Article SIXTH of the Certificate of Incorporation).

(b) The following provisions shall apply whether or not the Required Approval has occurred:

(1) At the first Annual Election following the Effective Time and at every third Annual Election thereafter, the members of the Corporation shall elect as officers one member of the Nominating Committee who shall be a Full Member and one member of the Nominating Committee who shall be an Associate Member.

(2) At the first Annual Election following the Effective Time, the members of the Corporation shall elect as an officer, for a two-year term, one member of the Nominating Committee who shall be a Full Member.

(3) At the second Annual Election following the Effective Time and at every third Annual Election thereafter, the members of the Corporation shall elect as officers two members of the Nominating Committee who shall be Full Members.

(4) At the third Annual Election following the Effective Time and at every third Annual Election thereafter, the members of the Corporation shall elect as an officer, one member of the Nominating Committee who shall be a Full Member.

## AMENDED AND RESTATED

## BYLAWS

OF

## BOARD OF TRADE OF THE CITY OF CHICAGO, INC.

The amendment and restatement of the Bylaws provided for hereinafter shall take effect at the effective time (the "Effective Time") of the Amended and Restated Certificate of Incorporation (as amended from time to time, the "Certificate of Incorporation") of Board of Trade of the City of Chicago, Inc. (the "Corporation") to be filed with the Secretary of State of the State of Delaware in connection with the modernization of certain aspects of the Corporation's corporate governance structure, including, but not limited to, the possible reduction in the size of the Board of Directors of the Corporation from 18 directors to nine directors. If the Effective Time does not occur, the Bylaws shall not be amended and restated as provided for hereinafter but instead shall remain unchanged until further amended in accordance with the Bylaws and applicable law.

## ARTICLE I - RULES AND REGULATIONS

## Section 1 Incorporation of Rules.

In accordance with the Certificate of Incorporation of the Corporation, the Rules of the Corporation (the "Rules"), as they may be amended from time to time, are hereby incorporated by reference into and made part of these Bylaws. The Bylaws and Rules may be adopted, amended or repealed by the membership in the manner provided in the Certificate of Incorporation and Exhibit A thereto.

## Section 2 Regulations.

The Board of Directors may adopt, amend or repeal Regulations of the Corporation (the "Regulations") not in conflict with the Rules, which shall have the binding effect of Rules. By majority vote, the Board of Directors may delegate, to particular committees as designated by the Board of Directors, the power to adopt, amend or repeal Regulations. Applicants for membership and any person or entity holding any membership or other interest in the Corporation shall be required to sign a written agreement to observe and be bound by this Certificate of Incorporation and the Bylaws, Rules and Regulations of the Corporation, as each may be amended from time to time. In addition, the Board of Directors may adopt interpretations of the Certificate of Incorporation, Bylaws and Regulations ("Interpretations") which shall be incorporated into and deemed to be Regulations. The Regulations and Interpretations of Old CBOT, as in effect at the effective time of the Merger, shall become Regulations and Interpretations, respectively, of the Corporation, subject to the provisions hereof and of the Certificate of Incorporation.



ARTICLE II MEMBERS AND OTHER INTEREST HOLDERS

Section 1 Terms and Conditions.

The terms and conditions of membership in the Corporation, including, without limitation, the rights and obligations, including trading rights and privileges, of members (full, associate or otherwise), member firms, membership interest holders, delegates and all categories and classes of memberships and other interests in the Corporation, shall be as provided herein, in the Certificate of Incorporation and in the Rules and Regulations. Without limiting the foregoing, requirements with respect to, and restrictions and limitations on, the ownership, use, purchase, sale, transfer or other disposition of any membership or interest therein, or any other interest of or relating to the Corporation or membership therein, including the payment of proceeds from the sale, transfer or other disposition of any membership or interest therein, shall be as provided herein, in the Certificate of Incorporation and in the Rules and Regulations, or as otherwise provided in accordance with applicable law.

Section 2 Annual Meeting and Chairman's Report.

The annual meeting of members shall be held on the first Thursday after the third Tuesday in February at 2:30 P.M. The annual mid-year Chairman's Report shall be given on the first Thursday after the third Tuesday in June at 2:00 P.M.

Section 3 Special Meetings.

Except as otherwise provided in the Certificate of Incorporation, special meetings of the members, for any purpose or purposes prescribed in the notice of the meeting, may be called by the Board of Directors or the Chairman of the Board and shall be held at such place, on such date, and at such time as they or he or she shall fix.

Section 4 Nominations and Annual Election.

(a) In connection with each Annual Election (as defined below), the Nominating Committee shall hold at least three meetings, of which due notice shall be posted on the bulletin board. All members may attend such meetings and suggest nominees for the offices to be filled at the following election. In selecting candidates, the Nominating Committee shall give special consideration to the desirability of having all interests of the Corporation represented on the Board of Directors. To the extent it remains a qualification for office, at least one candidate for Director at each applicable Annual Election must be a non-resident Full Member as defined in Article SIXTH of the Certificate of Incorporation. The Nominating Committee shall nominate at least one candidate for each of the elective offices. The Nominating Committee may, in its sole discretion, nominate two candidates for any of the elective offices, but shall not nominate more than two candidates for any individual elective office. The Nominating Committee will make the final determination of eligibility (i.e., qualification) for nomination for election to the Board of Directors, but may not otherwise preclude candidates nominated pursuant to Section 4(c) below from being added to the ballot.

(b) The Nominating Committee shall furnish the Secretary with a list of its nominees not later than five weeks prior to the Annual Election. Promptly upon submission, the list shall be posted by the Secretary upon the bulletin board. In case any nominee named by the Nominating Committee withdraws or becomes ineligible, and such withdrawal or ineligibility leaves no such candidate for the office for which the candidate was nominated, it shall be the duty of the Committee to nominate another candidate for such office. However, if such withdrawal or ineligibility leaves one or more candidates for such office, the Committee may at its discretion, but need not, nominate another candidate to replace the withdrawn or ineligible candidate.

(c) Other nominations may be made by petition, signed by not less than forty members in good standing and filed with the Nominating Committee not later than three weeks prior to the Annual Election. The Nominating Committee shall furnish the Secretary with a list of eligible petition nominees not later than two weeks prior to the Annual Election. Promptly upon submission to the Secretary, the names of eligible petition nominees shall be posted by the Secretary upon the bulletin board.

(d) Members shall vote to elect persons to serve on the Board of Directors and Nominating Committee at an annual election (the "Annual Election"). The Annual Election shall be held on such date and at such time as the Board of Directors shall each year fix, which date shall be within thirteen (13) months of the last Annual Election; provided however that the first Annual Election following the Effective Time need not be held until, but may occur no later than, March 31, 2002.

All candidates for the respective elective offices shall be listed alphabetically on the ballot.

Section 5      Notice of Meetings.  
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Written notice of the place, date, and time of all meetings of the members shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each member entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation). The notice of any special meeting of members shall also state the purpose or purposes for which such meeting is called.

When a meeting is adjourned to another place, date or time, written notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, written notice of the place, date, and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting without regard to the presence of a quorum at such adjournment.

Section 6      Quorum.  
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At members' meetings, one hundred members, present in person or by proxy, shall constitute a quorum. If a quorum shall fail to attend, a majority of the members present, in person or by proxy, may adjourn the meeting to a subsequent time.

Section 7 Organization.  
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Such person as the Board of Directors may have designated or, in the absence of such a person, the Chairman of the Board or, in his or her absence, such person as may be chosen by the vote of a majority of the members present, in person or by proxy, shall call to order any meeting of the members and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman appoints.

Section 8 Conduct of Business.  
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The chairman of any meeting of members shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order.

Section 9 Consent of Members in Lieu of Meeting.  
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Any action required to be taken at any annual or special meeting of members of the Corporation, or any action which may be taken at any annual or special meeting of the members, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the number of members that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of members are recorded. Delivery made to the Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each member who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the date the earliest dated consent is delivered to the Corporation, a written consent or consents signed by a sufficient number of members to take action are delivered to the Corporation in the manner prescribed in the first paragraph of this Section.

ARTICLE III - BOARD OF DIRECTORS  
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Section 1 General.  
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The Board of Directors shall be comprised of such persons, who shall be elected or appointed in such manner and shall have and exercise such powers, as provided in the Certificate of Incorporation.

Section 2 Quorum.  
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To the extent the size of the Board of Directors remains 18 members, 10 members of the Board shall constitute a quorum, and, to the extent the size of the Board of Directors is reduced to nine members, five members shall constitute a quorum but, in each case, a lesser number may adjourn to a subsequent time.

Section 3 Attendance at Board Meetings.  
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In accordance with Section 7 of this Article II, members of the Board of Directors or any committee who are physically present at a meeting of the Board of Directors or any committee may adopt as the procedure of such meeting that, for quorum purposes or otherwise, any member not physically present but in continuous communication with such meeting shall be deemed to be present. Continuous communication shall

exist only when, by conference telephone or similar communications equipment, a member not physically present is able to hear and be heard by each other member deemed present, and to participate in the proceedings of the meeting.

Section 4 Regular Meetings.  
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Regular meetings of the Board of Directors shall be at such place or places, on such date or dates, and at such time or times as shall be established by the Board of Directors and publicized among all of the Directors by call letter. A notice of such regular meeting shall not be required.

Section 5 Special Meetings.  
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Special meetings of the Board of Directors may be called by the Chairman of the Board, and shall be called by the Secretary upon the written request of five Directors, to the extent the size of the Board of Directors remains 18 members, or by three directors, to the extent the size of the Board of Directors is reduced to nine members. The Secretary shall give at least one hour's notice of such meetings either by announcement on Change or by call letter. No business may be considered except that embraced by announcement of Change or in the call letter.

Section 6 Roll Call Votes by Board.  
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A motion to order a roll call vote by the Board of Directors shall be deemed adopted if duly made by any present director.

Section 7 Annual Report to Members.  
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The Board of Directors, at each annual meeting of the members, shall make a complete report of all receipts and expenditures for the preceding year and an exhibit of the financial affairs, property, and general condition of the Corporation.

Section 8 Emergencies.  
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In addition to their general authority under law, the Certificate of Incorporation and these Bylaws, the Board of Directors and certain officers of the Corporation shall have such authority in certain emergencies as provided in the Rules.

Section 9 Certain Rights and Restrictions.  
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The right of any person to vote, participate or take any action in any capacity as a member of the Board of Directors or any committee, panel or other body shall be subject to such requirements and restrictions as may be provided herein, in the Certificate of Incorporation and in the Rules and Regulations.

ARTICLE IV - COMMITTEES AND DEPARTMENTS  
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Section 1 General.  
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To the fullest extent permitted by law and the Certificate of Incorporation, the Board of Directors shall have the power to appoint, and to delegate authority to, such committees of the Board of Directors as it determines to be appropriate from time to time.

Section 2 Additional and Standing Committees.  
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In addition to such committees as may be authorized by the Board of Directors from time to time, the Corporation shall have such additional and standing committees, which shall be comprised of such persons having such powers and duties, as provided in the Rules and Regulations. Any person may be disqualified from serving on or participating in the affairs of any committee to the extent provided in the Rules and Regulations.

Section 3 Departments.  
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The Corporation shall have such departments as are authorized in or in accordance with the Rules and Regulations.

ARTICLE V - OFFICERS  
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Section 1 General.  
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The Corporation shall have such officers, with such powers and duties, as provided herein and in the Certificate of Incorporation.

Section 2 President.  
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The Corporation shall have a President with such powers and duties as provided in the Certificate of Incorporation.

Section 3 Officers Other Than President.  
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Following each Annual Election, the Board of Directors shall appoint such Vice Presidents as it may deem necessary or desirable for the efficient management and operation of the Corporation. The Executive Vice President and any other Vice Presidents shall be responsible to the President. The Board of Directors shall also appoint such other officers as may be necessary. The Board of Directors may prescribe the duties and fix the compensation of all such officers and they shall hold office during the will of the Board of Directors.

Section 4 Bonding of Employees.  
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The President, Secretary, Assistant Secretary, Treasurer and Assistant Treasurer shall be placed under bond of \$50,000 each, premium to be paid out of the general funds of the Corporation; and such other employees of the Office of the Secretary, who handle funds of the Corporation, shall be bonded in the sum of \$5,000 each, premiums to be paid out of the general funds of the Corporation.

Section 5 Secretary.  
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The Secretary shall perform such duties as may be delegated to him or her by the Board of Directors or the President. In addition he or she shall be charged with the following specific duties:

- (a) To take charge of the books, papers, and corporate seal of the Corporation;

(b) To attend all meetings of the Corporation and the Board of Directors, and to keep official records thereof;

(c) To give notices when required of all Corporation and Board of Directors meetings;

(d) To conduct the correspondence of the Corporation under the direction of the proper officers;

(e) To furnish to the Chairman of every Special Committee a copy of the resolution whereby such Committee was created;

(i) To post all notices which may be required to be posted upon the bulletin board;

(f) To keep his or her office open during usual business hours;

(g) To see that the rooms and property of the Corporation are kept in good order;

(h) To attest, upon behalf of the Corporation, all contracts and other documents requiring authentication;

(i) To permit members to examine the records of the Corporation upon reasonable request; and

(j) To post on the bulletin board from time to time the names of all warehouses, the receipts of which are declared regular for delivery, and also, upon direction of the Board of Directors, to post any fact tending to impair the value of receipts issued by such warehouses.

Section 6     Assistant Secretaries.  
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Assistant Secretaries shall perform such duties as the Secretary or the Board may require, and shall act as Secretary in the absence or disability of the Secretary.

Section 7     Treasurer.  
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The Treasurer shall have general charge of all funds belonging to the Corporation, and shall be charged with the following specific duties:

(a) The Treasurer shall receive from the Secretary deposit of funds belonging to the Corporation. Checks in amounts over \$10,000 shall be signed by either the President, the Chief Financial Officer, the Treasurer, the Secretary or the Assistant Secretary and countersigned by the Chairman of the Board, a Vice Chairman of the Board, to the extent it remains an elective office, or one of the three other elected members of the Executive Committee;

(b) To make an annual report to the Corporation of all receipts and disbursements; and

(c) To keep all of his or her accounts in permanent books of account belonging to the Corporation, which books shall at all times be open to the examination of the Board of Directors or any committee thereof.

Section 8     Assistant Treasurer.  
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The Assistant Treasurer shall perform such duties as the Treasurer or the Board of Directors may require, and shall act as Treasurer in the absence or disability of the Treasurer.

ARTICLE VI - NOTICES  
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Section 1     Notices.  
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Except as otherwise specifically provided herein or required by law, all notices required to be given to any member, Director, committee member, officer, employee or agent shall be in writing and may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mails, postage paid, or by sending such notice by prepaid telegram or mailgram. Any such notice shall be addressed to such member, Director, committee member, officer, employee or agent at his or her last known address as the same appears on the books of the Corporation. The time when such notice is received, if hand delivered, or dispatched, if delivered through the mails or by telegram or mailgram, shall be the time of the giving of the notice.

Section 2     Waivers.  
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A written waiver of any notice, signed by a member, Director, committee member, officer, employee or agent, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such member, Director, committee member, officer, employee or agent. Neither the business nor the purpose of any meeting need be specified in such a waiver.

ARTICLE VII - MISCELLANEOUS  
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Section 1     Facsimile Signatures.  
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Facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 2     Corporate Seal.  
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Except as may be otherwise determined by the Board of Directors from time to time, the seal of the Corporation shall bear a figure of Justice with a ship in the distance surrounded with the corporate name of the Corporation.

Section 3     Reliance upon Books, Reports and Records.  
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Each Director and each member of any committee designated by the Board of Directors, shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such Director or

committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 4 Fiscal Year.  
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The fiscal year of the Corporation shall be as fixed by the Board of Directors from time to time.

Section 5 Time Periods.  
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Except as otherwise specifically provided, in applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE VIII - INDEMNIFICATION OF DIRECTORS AND OFFICERS  
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Section 1 Right to Indemnification.  
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Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a Director, officer, committee member or employee of the Corporation or is or was serving at the request of the Corporation as a Director, officer, committee member or employee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a Director, officer, committee member or employee or in any other capacity while serving as a Director, officer, committee member or employee, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this ARTICLE VIII with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

Section 2 Right to Advancement of Expenses.  
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The right to indemnification conferred in Section 1 of this ARTICLE VIII shall include the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a Director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the



Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections 1 and 2 of this ARTICLE VIII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a Director, officer, committee member or employee and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

Section 3      Right of Indemnitee to Bring Suit.  
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If a claim under Section 1 or 2 of this ARTICLE VIII is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its members) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its members) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this ARTICLE VIII or otherwise shall be on the Corporation.

Section 4      Non-Exclusivity of Rights.  
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The rights to indemnification and to the advancement of expenses conferred in this ARTICLE VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, Bylaws, agreement, vote of members or disinterested Directors or otherwise.

Section 5      Insurance.  
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The Corporation may maintain insurance, at its expense, to protect itself and any Director, officer, committee member or employee of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the

Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

Section 6 Indemnification of Agents of the Corporation.  
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The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of Directors and officers of the Corporation.

Section 7 Corporation Defense Expenses.  
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Any member or member firm who fails to prevail in a lawsuit or any other type of legal proceeding instituted by that member or member firm against the Corporation or any of its officers, Directors, committee members, employees or agents must pay to the Corporation all reasonable expenses, including attorney's fees, incurred by the Corporation in the defense of such proceeding. Any member or member firm required to compensate the Corporation pursuant to this section shall be assessed interest on such amount at the rate of Prime plus 1%, which interest shall accrue from the date such amount was demanded in writing after the member or member firm failed to prevail in a lawsuit or any other type of legal proceeding against the Corporation.

ARTICLE IX - AMENDMENTS  
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These Bylaws may be amended in the manner specified in the Certificate of Incorporation and Exhibit A thereto.

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Ch1 Miscellaneous

110.00 Petition Ballot Vote Communications - In the event that a ballot vote is forced by petition, all official communications, either written or presented at a Member meeting, will be accompanied by the views of both the Board and the petitioners. The Exchange will provide to the petitioners a minimum of 10 days from the receipt of notice to prepare written or presentation materials to accompany Exchange official communications. The petitioners will be represented by a registered sponsor (an individual who submits the original petitions and who chooses to register as the sponsor) or his designee. If there is no registered sponsor for the petition, the views of the Board and the petitioners should be equitably represented by the Chief Legal Counsel of the Exchange. (01/01/00)

134.00 Board Member Voting Records - The voting record (except those involving strategic planning or disciplinary issues) of each individual Board member should be recorded and available the day following the vote at the Secretary's office to any interested Full or Associate Member. (01/01/00)

144.00 Assistant Secretaries - Assistant Secretaries shall perform such duties as the Secretary or the Board may require, and shall act as Secretary in the absence or disability of the Secretary. 78 (08/01/94)

## Ch1 Committees

156.00 Nominating Committee - Until the first business day of January, 2001, the Nominating Committee shall consist of seven members: six elected members and one elected Associate Member whose terms of office shall be three years. Beginning on the first business day of January, 2001, the Nominating Committee shall consist of five members: four elected Full Members and one elected Associate Member whose terms of office shall be three years, except as provided in the Certificate of Incorporation, Exhibit B, Section 7. The Committee members shall elect their own Chairman who shall be a Full Member. The Associate Member shall serve as a full voting member of the Committee. No member of the Nominating Committee shall be eligible for re-election or reappointment for a period of three years after his term expires. 51 (11/01/00)

157.00 Business Conduct Committee - (See 542.00) (08/01/94)

158.00 Floor Governors Committee - (See 543.00) (08/01/94)

159.00 Membership Committee - All applications for membership shall be referred to the Membership Committee. The Membership Committee, in its discretion, may require an applicant who resides in the continental United States to appear in person for an examination either before the full committee, a duly authorized subcommittee thereof, or a representative of the Member Services Department. The Committee may also impose different requirements for other applicants in lieu of personal appearance.

The Membership Committee may, at its discretion, require the personal appearance and examination of the sponsor. The Membership Committee, by a majority vote of its members present at a duly constituted meeting, shall approve or deny the admission of the applicant to membership. A decision of the Membership Committee to deny the application may be appealed to the Regulatory Compliance Committee. 102 (07/01/01)

159.01 Membership Committee Panels - The Chairman of the Membership Committee may appoint panels of Committee members to hold duly constituted meetings, in accordance with Rule 159.00, for the purpose of approving or denying applications for membership. Any such panel must consist of not fewer than three members of the Committee. (08/01/94)

160.00 Committee of Arbitration; Committee of Appeals - (See 600.00) (08/01/94)

162.01 Standing Committees - Standing Committees may be made up of full and associate members of the Association and members of the staff of the Association, unless otherwise specifically provided for in the Rules and Regulations. In addition, holders of GIM, IDEM or COM Membership Interests may be appointed by the Chairman of the Board to serve as non-voting advisors to any Committee. The Chairman of the Board and the President shall be ex-officio (non-voting) members of all committees of which they are not regular members.

The Chairman of the Board, with the approval of the Board of Directors, may appoint full or associate members to both committees and subcommittees. (08/01/94)

162.03 Executive Committee - The Executive Committee shall consist of the Chairman of the Board, Vice Chairman of the Board, the President, who shall be a non-voting member of the Committee, and three member Directors. Two such Directors may be nominated by the Chairman of the Board, subject to the approval of the Board. The other shall be elected by the Board in the following manner:

Nominations may be made only by Directors who are members of the Exchange but every member of the Board, except the President, who is a non-voting member of the Board of Directors, may vote. A majority of all votes cast shall be necessary for election. If no nominee shall receive a majority on three ballots, a fourth ballot shall be taken when a plurality shall elect.

To be eligible to serve on the Executive Committee, a Director must have served at least one year as a Director. The Chairman of the Board shall be the Chairman of the Executive Committee. (02/01/01)

162.05 Additional Committees - In addition to those appointed by the Chairman of the Board, the Board may appoint such committees as it sees fit and prescribe the duties thereof. 1023 (08/01/94)

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162.09 Strategy Committee - The Strategy Committee shall consist of no more than eleven members of the Board. A Vice Chairman of the Board will be Chairman of the Strategy Committee. The Chairman of the Board, with the approval of the Board of Directors, may fill any vacancy on the Committee by appointing another member of the Board to serve on the Committee.

The responsibilities of the Strategy Committee shall be as follows; (a) to review and recommend a strategic plan for the Exchange; (b) to develop and track performance milestones implied in the strategic plan; (c) to ensure that subcommittee activities are consistent with the strategic plan; (d) to establish policies and priorities for addressing member proposals; and (e) to understand the competitive position of the Exchange. (03/01/99)

163.00 Investigating Committee - (See 541.00) (08/01/94)

164.00 Finance Committee - The Chairman of the Board, with the approval of the Board, shall appoint a Finance Committee, which shall consist of seven members of the Board. All Finance Committee members shall be Full Members, except that one Finance Committee member may be an Associate Member.

Each year the Chairman of the Board shall appoint the Chairman of the Committee for a one-year term provided that the Chairman of the Board upon the effective date of this Rule shall appoint the Chairman of the Committee for a term that shall expire in January 1995.

The Chairman of the Board, with the approval of the Board, shall fill any vacancy in the Committee by appointing another member of the Board to serve on the Committee.

The responsibilities of the Finance Committee shall be as follows: (a) to oversee the monetary affairs of the Exchange, including cash flow, balance sheet, financing activities and investment of member capital; (b) to review and recommend annual budgets and capital expenditure plans for Board approval; (c) to review and recommend specific capital expenditures over an amount to be determined by the Board; (d) to establish revenue-sharing policies for joint ventures and alliances; (e) to review and recommend service, transaction processing and other service fee structures; and (f) to review and recommend membership dues policy. (08/01/94)

165.01 Regulatory Compliance Committee - The Chairman of the Board, with the approval of the Board, shall appoint a Regulatory Compliance Committee, which shall be comprised of the following voting members:

- Three members of the Board, all of whom shall be Full Members or Associate Members; and
- The chairmen of the Arbitration, Business Conduct, Financial Compliance, Floor Conduct, Floor Governors and Membership Committees.

Each year the Chairman of the Board shall appoint, from among the Board members on the Committee, the Chairman of the Regulatory Compliance Committee for a one-year term, provided that the term of the first Committee chairman so appointed shall expire in January 1995.

The Regulatory Compliance Committee shall be responsible for (a) the approval of legislative priorities and responses to legislative and regulatory initiatives; (b) the determination of membership capital requirements; (c) the establishment of risk management policies; (d) the establishment of membership criteria; (e) hearing appeals from denials of membership applications; (f) the monitoring of compliance policies; and (g) establishing ranges for penalties and fines for violations of the Rules and Regulations of the Association.

The Committee shall instruct the Office of Investigations and Audits to administer a statement of Member's Rights to each member (or employee of a member) who is the subject of an investigation. (See below.)

Members of the Committee shall be appointed by the Chairman of the Board with the approval of the Board. The Chairman of the Board, with the approval of the Board, shall fill any vacancy in the Board members serving on the Committee by appointing another member of the Board to serve on the Committee.

STATEMENT OF MEMBER'S RIGHTS  
APPURTENANT TO EXCHANGE PROCEEDINGS

The Chicago Board of Trade ("Exchange" or "CBOT") is a self-regulatory organization subject to supervisory regulation of the Commodity Futures Trading Commission ("CFTC"). In order to fulfill its self-regulatory obligations the Exchange is required by the CFTC to undertake certain surveillance activities and to maintain an enforcement staff that prosecutes possible violations of Exchange rules before Exchange committees. At the CBOT these responsibilities are carried out by the Office of investigations and Audits ("OIA") pursuant to CBOT Regulations 170.01 and 170.02.

Investigations may be initiated by staff, members, the CFTC of the public. When an investigation is completed, an Investigations Report concerning the alleged violation is prepared and submitted to the appropriate Exchange disciplinary committee for review and action. An Investigation Report is a privileged document and not subject to disclosure, although the essential elements of an Investigative Report include a summary of the case and evidence gathered by OIA, along with an OIA recommendation on whether to proceed.

A member, member firm or any other person subject to questioning during an investigation is afforded the following rights, in addition to those rights contained in Chapter 5 of the Exchange Rulebook:

- 1) The right to be represented by counsel during questioning and at any subsequent proceeding before an Exchange committee. Regulation 540.03(g).
- 2) The right to be informed of the general act or conduct which is the subject of the investigation, in so far as is determinable at the time of questioning.
- 3) The right not to answer any question, if the answer would convict or tend to convict the person of any State or Federal law. Rule 548.00.
- 4) The right to examine any statements or documents which are relevant to the issued charges, excluding privileged work product and the Investigative Report. Regulation 540.03(a).
- 5) The right to call relevant witnesses at any hearing and, for those witnesses within the jurisdiction of the Association, compel their attendance.
- 6) The right of one peremptory (for no reason) challenge to the presence of a member of an Exchange disciplinary committee impaneled to hear the matter and unlimited challenges for cause.

In addition, members, member firms or any other persons subject to questioning during an investigation should be aware that Section 9(a)(4) of the Commodity Exchange Act makes it a felony to willfully falsify or conceal a material fact, to make a false, fictitious or fraudulent statement, or to knowingly make or use a false document to any representative of the Exchange, including OIA employees, who are performing their official duties.

I hereby acknowledge that I have read this Statement of Member's Rights this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
04/01/01

165.02 Audit Committee - The Audit Committee shall be composed of four members of the Board nominated by the Chairman of the Board and approved by the majority vote of the Board.

The Audit Committee shall be responsible for (a) recommending the outside auditor to conduct an annual audit of the financial affairs of the Association; (b) approving the scope of such audits; (c) ensuring that adequate financial reporting systems and controls are in place; (d) reviewing the audit findings and management's response to those findings; and (e) ensuring the effectiveness of outside auditors and the internal financial audit staff. (08/01/94)

165.03 Human Resources Committee - The Human Resources Committee shall be composed

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of five members of the Board, including the Chairman of the Board. The Chairman of the Committee shall be the Chairman of the Board. The other members of the Committee shall be nominated by the Chairman of the Board and approved by the Board.

The Human Resources Committee shall be responsible for (a) establishing human resource policies; (b) approving, up to certain specified levels which the Board from time to time shall establish, senior management compensation specifically as follows: officer salaries (excluding the salary of the President) and, in conjunction with the President, non-officer salaries; (c) reviewing and recommending senior management appointments; (d) reviewing senior management evaluations, development and succession plans; (e) reviewing and recommending basic organizational structure; and (f) evaluating the performance of the President. (03/01/98)



## Ch1 Departments

170.00 Departments - The Board, or the President with the approval of the Board, is authorized to establish and maintain such departments as may be deemed necessary from time to time, and the Board shall make all needful Regulations applicable thereto. All such departments shall be under the supervision of the President, who shall be responsible to the Board. 81 (08/01/94)

170.01 Office of Investigations and Audits - Under authority of Rule 170.00 there is established a Department of the Association to be known as the Office of Investigations and Audits. The Office shall function under the supervision of an individual who shall be at least a Vice President of the Association. The Office of Investigations and Audits shall initiate and conduct investigations and audits on behalf of the President and Chief Executive Officer and on behalf of the Association. No employee of such office shall have any interest in the business of any member, member firm, or other person with trading privileges. The individual who supervises such Office shall function also as a liaison officer between the Business Conduct Committee and the Financial Compliance Committee and the Commodity Futures Trading Commission. 1785 (08/01/94)

170.02 Office of Investigations and Audits - All officers, committees and departments of the Association shall be entitled to use and shall make the fullest possible use of the services provided by the Office of Investigations and Audits consistent with their respective responsibilities and special needs, and the President shall work out and establish policies and procedures governing the initiation and handling of needed investigations, audits and Exchange business. All such policies and procedures shall be consistent with and not in conflict with the following declared policies of the Board:

- (a) All information obtained by the Office of Investigations and Audits regarding market positions and identity of traders shall be considered confidential, regardless of source, and shall be disclosed only to the Chairman or acting Chairman of the Business Conduct Committee and/or the Financial Compliance Committee, and authorized Exchange employees, and shall be disclosed to the Business Conduct Committee and/or the Financial Compliance Committee sitting as a committee when and after the individual in charge of the Office of Investigations and Audits or the Chairman or acting Chairman of the Business Conduct Committee and/or the Financial Compliance Committee shall have reason to believe that such Committee would or should take preventive or disciplinary action if such information were presented to it. This shall not preclude the Business Conduct Committee and/or the Financial Compliance Committee from ordering investigations or audits to be made at any time for the special purpose of obtaining information regarding the market position and identity of any trader or traders, and in such cases the Office of Investigations and Audits shall report fully and completely to the Committee any and all such information so obtained or in its possession.
- (b) It shall be considered a breach of trust for any employee of the Office of Investigations and Audits or authorized Exchange employee to divulge, or allow or cause to be divulged, to any unauthorized person, any confidential, commercially sensitive, or non-public information, including any information regarding the market position, financial condition, or identity of any trader or firm or to disclose the name of any customer of one firm to any other firm, except as provided for in paragraph (a) hereof or when required in connection with disciplinary proceedings or other formal proceedings or actions of a duly authorized committee of the Association or of the Board, or in response to a duly authorized subpoena, or in response to a request or demand by any administrative or legislative body of government having jurisdiction of the subject matter and authority to obtain the information requested, or on behalf of the Association in any proceeding authorized by the Board of Directors. Such information shall not be divulged by any employee of the Office of Investigations and Audits or authorized Exchange employee without the prior approval of the individual responsible for supervision of the Office of Investigations and Audits. 1786 (07/01/02)

170.03 Department of Member Services - Under the authority of Rule 170.00 there is established a Department of Member Services. The function of such Department shall be (1) to act in accordance with Regulations of the Board and policies and procedures established by the Membership Committee and (2) to develop and process information in behalf of the Board, the Membership Committee, the Business Conduct Committee and all other Committees and Departments of the Association. The services of such Department shall not, however, be used in connection with the investigation of market positions nor shall it demand information from which knowledge of market

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positions could be obtained. The Department shall function under the supervision of a Vice President who shall be a full time employee of the Association. No employee of such Department shall have an interest in the business of any member or member firm. 1787 (08/01/94)

170.04 Department of Member Services - Any irregularities that may be found by the Department incidental to its routine analysis of financial statements shall be immediately reported to the Financial Compliance Committee. Except as otherwise provided, all financial information obtained by the Department shall be considered confidential and shall be disclosed only to the appropriate committee or department requesting the information or to an Officer of the Association. 1788 (08/01/94)

170.05 Department of Member Services - The Board, Committees and Departments of the Association shall make the fullest possible use of the services provided by the Department of Member Services consistent with their respective responsibilities and special needs, and in cooperation with such Department shall work out and establish policies and procedures governing the use of such services. 1789 (08/01/94)

170.07 Market Report Department - The records and reports of the Market Report Department shall be considered and treated as portions of the official records of the Association and may not be given out or disseminated except pursuant to the conditions and restrictions prescribed by these Regulations.

The Exchange shall have charge of all matters relating to collection, dissemination, and use of quotations in connection with commodities or securities. It shall have the power to approve or disapprove any application for quotation service to a non-member or to telephonic or telegraphic wire or wireless connection between the office of a member or a member's firm and the office of any corporation, firm, or individual not a member of the Association transacting a banking or brokerage business and it shall have power at any time to disapprove the furnishing of any such quotation service or any such wire or wireless connection and to require the discontinuance thereof. It may inquire into wire or wireless connections of every kind whatsoever between the office of a member and any member or non-member, and may require the discontinuance of any such connection. 1030 (08/01/94)

180.00 Emergencies

- (a) The Board, upon the affirmative vote of two-thirds of the members voting at a meeting where a quorum is deemed present and at least one-third of the full Board is physically present, may adopt an emergency Regulation or Resolution which shall supersede and supplant all contrary or inconsistent Rules, Regulations, Resolutions or Rulings. Notice of the adoption of an emergency Regulation or Resolution shall be posted promptly on the floor of the Exchange.
- (b) An emergency Regulation or Resolution shall expire upon the happening of any of the following events:
  - (i) the Board shall have voted to rescind the emergency Regulation or Resolution in the same manner as for its adoption;
  - (ii) the Commodity Futures Trading Commission shall have failed to authorize the extension of the emergency Regulation or Resolution within thirty (30) days after its adoption for a period not to exceed sixty (60) additional days; or
  - (iii) the Board or the Members of the Association shall have failed to adopt the emergency Regulation or Resolution in accordance with Rules 107.00 or 132.00 during the time period when the emergency is in effect.
- (c) All Exchange contracts shall be subject to the exercise of these emergency powers by the Board as well as the exercise by the Clearing House of the powers reserved to it by its charter, bylaws and resolutions.
- (d) The Term "emergency" shall include all emergency circumstances now or hereafter referenced in the Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission thereunder, and all other circumstances in which an emergency can lawfully be declared by the Board.
- (e) Except as otherwise stated in an emergency Regulation or Resolution adopted hereunder, the powers exercised by the Board under this Rule shall be in addition to and not in derogation of the authority granted by the Rules and Regulations to a committee or officer of the Association to take action as specified therein. (08/01/94)

180.01 Physical Emergencies - In the event the physical functions of the Association are, or are threatened to be, severely and adversely affected by a physical emergency such as but not limited to fire or other casualty, bomb threats, substantial inclement weather, power failures, communications or automated system breakdowns, or transportation breakdowns, either the Chairman, the President, or in their absence a member of the Executive Committee or another officer of the Exchange, is authorized to take such action as he shall deem necessary or appropriate to deal with such emergency including but not limited to suspending trading, provided that no trading suspension shall continue for more than five days without the approval of the Board under Rule 180.00; restoring trading; temporarily extending, limiting or changing the hours of trading; and extending the last day of trading and the delivery dates for expiring contracts. In addition, an officer of the Exchange, or his designee, may take such action as he shall deem necessary or appropriate to deal with a physical emergency, even if the Chairman and the President are not absent, if such authority has been delegated by the Chairman and the President. (06/01/00)

180.02 Emergency Actions Under Rule 180.00 - Pursuant and subject to the provisions of Rule 180.00, the Board may take or direct such actions as it deems necessary or appropriate to meet an emergency, including but not limited to such actions as:

- (a) limited trading to liquidation only, in whole or in part;
- (b) limited trading to liquidation only, except new sales for delivery;
- (c) extending or shortening the time for the expiration of trading;
- (d) extending the time for delivery;

- (e) ordering liquidation of contracts;
- (f) ordering the fixing of settlement prices;
- (g) ordering the reduction of positions;
- (h) ordering the transfer of positions, and the money, securities and property securing such positions, held on behalf of customers by a member, to another member or members willing to assume such positions;
- (i) extending, limiting or changing the hours of trading;
- (j) suspending trading;
- (k) changing or removing daily price fluctuation limits;
- (l) modifying or suspending any of the Rules and Regulations. (08/01/94)

181.00 Retirement - The Board is authorized to adopt, maintain, amend, and terminate, from time to time, a plan or plans for the retirement of employees of the Association and its wholly owned subsidiary corporations and for the payment of pensions to such retired employees; provided, however that no such plan or plans shall be applicable to employees who are covered by a collective bargaining agreement pension plan; and provided, further, that no retired employee now receiving retirement compensation shall have his combined Government assistance and retirement compensation which was in effect prior to September 1, 1950, reduced as a result of any such plan or plans. 76 (08/01/94)

184.00 Appropriations - There shall be no appropriation of money or property of the Association except for the purpose of its legitimate business or to promote the purposes of its organization. 601 (08/01/94)

185.00 Repealing Clause - These Rules shall be effective upon such days as may be proclaimed by the Board. Upon the taking effect of these Rules, all former Rules and Regulations shall be repealed, except as herein provided, and except that prior transactions shall be governed by the Rules previously in effect. 606 (08/01/94)

186.00 Liability Under Previous Rules and Regulations - The provisions of the Rules and Regulations in force immediately prior to the adoption of these Rules and Regulations shall be superseded hereby, except that such adoption shall not affect the liability of any member of the Association for any offense theretofore committed, or any rights or liabilities theretofore acquired or incurred. 607 (08/01/94)

188.01 Governing Members Possessing Material, Non-Public Information - - No member of the Association who is a member of the Board of Directors or a Committee of the Association knowingly shall use or disclose, for any purpose other than the performance of such member's official duties as a member of the Board of Directors or any such Committee, material, non-public information obtained as a result of such member's participation on the Board of Directors or any such committee. (08/01/94)

188.02 Service on Board of Directors, Disciplinary Committees, Oversight Committees and Arbitration Panels - No person shall serve on any disciplinary committee (i.e., Appellate Committee, Business Conduct Committee, Financial Compliance Committee, Floor Governors Committee, Floor Conduct Committee or Hearing Committee), oversight committee (i.e. Regulatory Compliance Committee), arbitration panel or the Board of Directors of the Association:

- 1) who is found by a final decision or settlement agreement (or absent a finding in the settlement agreement if any acts charged included a disciplinary offense) to have committed a disciplinary offense, as defined in Commodity Futures Trading Commission ("Commission") Regulation 1.63 (a) (6); or
- 2) whose Commission registration in any capacity has been revoked or suspended; or
- 3) who is subject to an agreement with the Commission or any self-regulatory organization not to apply for registration; or
- 4) who is subject to a denial, suspension or disqualification from serving on a disciplinary committee,

oversight committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in Section 3(a)(26) of the Securities Exchange Act of 1934; or

- 5) who has been convicted of any felony listed in Section 8a(2) (D) (ii) through (iv) of the Commodity Exchange Act;

for a period of three years from the date of such final decision or for such time as the person remains subject to any suspension, expulsion or has failed to pay any portion of a fine imposed for committing a disciplinary offense, whichever is longer.

All terms used herein shall be defined consistent with Commission Regulation 1.63(a). (11/01/94)

#### 188.03 Exchange Liability -

- A. Except as provided in the Commodity Exchange Act and/or the regulations of the Commodity Futures Trading Commission, and except in instances where there has been a finding of willful or wanton misconduct, gross negligence, bad faith or fraudulent or criminal acts, in which case the party found to have engaged in such misconduct cannot invoke the protection of this provision, neither the Exchange nor any of its directors, officers, employees, agents or consultants shall have or incur any liability whatsoever to its members, any persons associated therewith, their customers or any third parties related thereto or their successors, assigns, or representatives, for any loss, damage, cost, claims or expense (including but not limited to indirect, incidental or consequential damages) that arise out of the use or enjoyment of the facilities or services afforded by the Exchange, any interruption in or failure or unavailability of any a such facilities or services, any action taken or omitted to be taken with respect to the business of the Exchange or any information or data provided or withheld by the Exchange. Such limitation of liability shall apply to all claims, whether in contract, tort, negligence, strict liability or otherwise.

The Exchange makes no warranty, express or implied, as to the results to be obtained by any person or entity from the use of any data or information transmitted or disseminated by or on behalf of the Exchange. The Exchange makes no express or implied warranties of merchantability or fitness for a particular purpose or use with respect to any data or information transmitted or disseminated by or on behalf of the Exchange.

- B. Subject to the limitations set forth above, neither the Exchange nor any of its directors, officers, employees, agents or consultants shall have or incur any liability whatsoever to its members, their customers or any third parties associated therewith, or their successors, assigns, or representatives, for any loss, damage, cost or expense (including but not limited to indirect, incidental or consequential damages) incurred by members or customers as a result of any failure, malfunction, fault, delay, omission, inaccuracy, interruption or termination of service in connection with the furnishing, performance, operation, maintenance or use of or inability to use all or any part of any Exchange systems. Such limitation of liability shall apply regardless of the cause of such systems failure even if due to Exchange error, omission or negligence. Further, such limitation of liability shall apply to all claims, whether in contract, tort, negligence, strict liability or otherwise.

Additionally, the Exchange, its directors, officers, employees, agents or consultants shall have or incur absolutely no liability whatsoever for any errors or inaccuracies in information provided by any Exchange systems or for any losses resulting from unauthorized access or any other misuse of any Exchange systems by any person.

- C. As used in this regulation, the term "systems" includes, but is not limited to, electronic order entry/delivery, trading through any electronic means, electronic communication of market data or information, workstations used by members and authorized employees of members, price reporting systems and any and all terminals, communications networks, central computers, software, hardware, firmware and printers relating thereto.
- D. As used in this regulation, the term "Exchange" shall mean the Board of Trade of the City of Chicago, as well as any entity in which the Board of Trade is now or will become a general partner, a member, or a shareholder, including but not limited to Ceres Trading Limited Partnership, C.B.T. Corporation, and Chicago Board Brokerage, Inc. (08/01/97)

(a) Relationship with a Named Party in Interest

(1) Nature of Relationship. A member of the Board of Directors, the Executive Committee, the Regulatory Compliance Committee, the Appellate Committee, the Hearing Committee, the Business Conduct Committee, the Floor Governors Committee, the Financial Compliance Committee, or the Floor Conduct Committee must recuse himself from such body's deliberations and voting on any matter involving a person or entity that is identified by name as a subject of the matter ("named party in interest"), except with regard to summary penalties for violating rules relating to decorum, attire, floor recordkeeping or submission of trade data to the Clearing House, where such member:

- (i) is the named party in interest;
- (ii) has a family relationship with the named party in interest. A family relationship includes the member's spouse, former spouse, parent, child, sibling, grandparent, grandchild, uncle, aunt, nephew, niece or in-law;
- (iii) is an employer, employee, or fellow employee of the named party in interest; or
- (iv) has a direct and substantial financial relationship with the named party in interest, but not including relationships limited to executing futures or options transactions opposite each other.

When a CTR violation is not treated as a summary offense, and the preliminary penalty is not more than \$5,000, a member of the CTR Subcommittee or the Business Conduct Committee must only recuse himself from deliberations and voting on the recommendation, issuance or settlement of charges against a member firm if the committee member is a principal or employee of that member firm.

(2) Recusal. Prior to the consideration of any matter involving a named party in interest, each member who believes that he has a relationship of the type specified in section (a)(1) of this Regulation must voluntarily recuse himself from deliberations and voting on the matter. If the member is not sure if his relationship meets the criteria specified in section (a)(1), he must disclose the relationship to the designated Exchange staff liaison who will determine whether recusal is required based on the information provided by the member.

(b) Financial Interest in an Emergency Action

- (1) Nature of Interest. A member of the Board of Directors, the Executive Committee, or the Business Conduct Committee must recuse himself from such body's deliberations and voting with regard to recommending or taking action to address an emergency, as defined in CFTC Regulation 40.1, if the member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the action.
- (2) Recusal. Prior to the consideration of an emergency action, each member who believes that he has such a financial interest must voluntarily recuse himself from deliberations and voting on the matter, except as provided in section (c). If the member is not sure if a financial interest, of which he has knowledge, is direct and substantial, he must disclose the interest to the designated Exchange staff liaison who will determine whether recusal is required based on the information provided by the member.

In determining whether a financial interest is direct and substantial, a member should consider the following positions:

- (a) those held in accounts in which he has an ownership interest;
- (b) those held in accounts for which he directs trading;
- (c) those which he knows are held in proprietary accounts of any firm of which he is an employee or principal, as defined in CFTC Regulation 3.1(a); and
- (d) those which he knows are held in customer accounts of any firm of which he is an employee or principal.

(c) Participation in Deliberations

A member of the Board of Directors, the Executive Committee, or the Business Conduct Committee may participate in deliberations prior to a vote to recommend or take emergency action, from which he otherwise would be required by section (b) (2) to recuse himself, if the deliberating body determines that such participation is necessary for such body to achieve a quorum in the matter, or if the member has unique or special expertise, knowledge or experience in the matter. If such a member participates in deliberations, he must recuse himself from voting on the matter.

(d) Business Conduct Committee Surveillance of Expiring Contracts

A member of the Business Conduct Committee must recuse himself from the Committee's deliberations and voting with regard to all matters relating to its surveillance of expiring futures contracts, except with regard to recommending or taking action to address an emergency, which is governed by paragraph (b) above,

if the member personally owns or controls positions in the expiring futures contract or in its corresponding options contract.

(e) Documentation

The Board of Directors or the relevant committee must reflect in its minutes: (a) the names of all members who attended the meeting in person or who otherwise were present by electronic means, and (b) the names of any members who recused themselves from deliberating or voting on any matter.

\* Note: Members of the Board of Directors may be required to recuse themselves from deliberations and voting for other reasons or in other circumstances than those discussed above, as required by Delaware corporate law. (01/01/02)



188.05 Board's Interpretive Authority - The Board of Directors, pursuant to authority granted to it by Article I, Section 2 of the Amended and Restated Bylaws of the CBOT (the "Bylaws"), may from time to time adopt Interpretations of the Amended and Restated Certificate of Incorporation of the CBOT (the "Charter"), the Bylaws, which include the Rules of the CBOT, and Regulations of the CBOT in a manner that replicates, to the largest extent permissible under the Delaware General Corporation Law, the comparable provisions of the Special Charter, Rules and Regulations of the Board of Trade of the City of Chicago, except as otherwise set forth in the Chapter, Bylaws and Regulations. (10/01/00)

189.01 Limitation of Liability of Index Licensors or Administrators -

- A. No Index Licensor or Administrator shall have any liability for any loss, damages, claim or expense arising from or occasioned by any inaccuracy, error or delay in, or omission of or from, (i) any index or index information or (ii) the collection, calculation, compilation, maintenance, reporting or dissemination of any index or index information, resulting either from any negligent act or omission by the Exchange, any Related Entity or any Index Licensor or Administrator or from any act, condition or cause beyond the reasonable control of the Exchange, any Related Entity or any Index Licensor or Administrator, including, but not limited to, flood, extraordinary weather conditions, earthquake or other act of God, fire, war, insurrection, riot, labor dispute, accident, action of government, communications or power failure, or equipment of software malfunction.
- B. No Index Licensor or Administrator makes any express or implied warranty as to results that any person or party may obtain from using any index or index information, for trading or any other purpose. Each Index Licensor and Administrator makes no express or implied warranties, and disclaims all warranties of merchantability or fitness for a particular purpose or use, with respect to any such index or index information.
- C. For purposes of this regulation, "Related Entity" includes, but is not limited to, any subsidiary, affiliate or related partnership or entity of the Chicago Board of Trade, including without limitation, Ceres Trading Limited Partnership, MidAmerica Commodity Exchange, Board of Trade Clearing Corporation, the Clearing Corporation for Options and Securities, Chicago Board Brokerage, L.L.C., The CBBB Partnership (including its individual partners) and C-B-T Corporation.
- D. For the purpose of this regulation, "Index Licensor or (and) Administrator" includes, but is not limited to, any person who:
1. licenses to the Exchange the right to use (i) an index that is the basis for a futures or futures option contract made available for trading on or through the facilities of the Exchange or a Related Entity or (ii) any trademark or service mark associated with such an index;
  2. collects, calculates, compiles, reports and/or maintains such an index or index information relating to such an index;
  3. provides price data or evaluations used in the calculation of such an index including, but not limited to, the entities identified in Appendix 19 of these Rules and Regulations
  4. provides facilities for the dissemination of an index or index information; and/or
  5. is responsible for or participates in any of the activities described above. (04/01/98)

189.02 Limitation of Liability -

- A. Neither the Exchange nor any Related Entity shall have any liability for any loss, damages, claim or expense arising from or occasioned by any inaccuracy, error or delay in, or omission of or from, (i) any index or index information or (ii) the collection, calculation, compilation, maintenance, reporting or dissemination of any index or index information, resulting either from any negligent act or omission by the Exchange, any Related Entity or any Index Licensor or Administrator or from any act, condition or cause beyond the reasonable control of the Exchange, any Related Entity or any

Index Licensor or Administrator, including, but not limited to, flood, extraordinary weather conditions, earthquake or other act of God, fire, war, insurrection, riot, labor dispute, accident, action of government, communications or power failure, or equipment or software malfunction.

- B. Neither the Exchange nor any Related Entity makes any express or implied warranty as to results that any person or party may obtain from using any index or index information for trading or any other purpose. The Exchange and its Related Entities make no express or implied warranties, and disclaim all warranties of merchantability or fitness for a particular purpose or use, with respect to any such index or index information.
- C. Nothing in this regulation shall limit the applicability of the Commodity Exchange Act or the regulations of the Commodity Futures Trading Commission.
- D. For purposes of this regulation, "Related Entity" includes, but is not limited to, any subsidiary, affiliate or related partnership or entity of the Chicago Board of Trade, including without limitation, Ceres Trading Limited Partnership, MidAmerica Commodity Exchange, Board of Trade Clearing Corporation, the Clearing Corporation for Options and Securities, Chicago Board Brokerage, L.L.C., The CBBB Partnership (including its individual partners) and C-B-T Corporation.
- E. For the purpose of this regulation, "Index Licensor or (and) Administrator" includes any person who:
  - 1. licenses to the Exchange the right to use (i) an index that is the basis for a futures or futures option contract made available for trading on or through the facilities of the Exchange or a Related Entity or (ii) any trademark or service mark associated with such an index;
  - 2. collects, calculates, compiles, reports and/or maintains such an index or index information relating to such an index;
  - 3. provides price data or evaluations used in the calculation of such an index including, but not limited to, the entities identified in Appendix 19 of these Rules and Regulations;
  - 4. provides facilities for the dissemination of an index or index information; and/or
  - 5. is responsible for or participates in any of the activities described above. (04/01/98)

190.00 Compensation Information - Information enumerating all compensation and gifts (over a value of \$1,000) from the Exchange of any kind and nature, including, but not limited to, salaries, deferred payments, bonuses, retirement benefits, trusts, and potential severance payments to the President, Executive Vice-Presidents, members of the Board of Directors, or to any organizations, corporations, partnerships, or associations with which the above individuals are associated either as shareholders, partners, or by other means will be made available on a quarterly basis at the Secretary's office to any interested Full or Associate Member requesting this information. (01/01/00)

FORMAL INTERPRETATION OF CBOT RULE 190.00-COMPENSATION INFORMATION (Adopted by Board of Directors February 15, 2000)

Pursuant to Rule 190.00, the following information will be made available on a quarterly basis by the Secretary's Office to any Full or Associate member requesting this information:

Compensation  
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Information enumerating all direct compensation and gifts (over a value of \$1,000) from the Exchange of any kind and nature since the beginning of the CBOT's last fiscal year, including but not limited to, salaries, deferred payments, bonuses, retirement benefits, trusts and potential severance payments to the President, Executive Vice-Presidents, and members of the Board of Directors.

Transactions  
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Information about any transaction or series of similar transactions to which the Exchange or any of its subsidiaries was or is a party, and in which the President, any Executive Vice-President, any member of the Board of Directors, or any immediate family member of such persons, had or has a material interest. An interest shall not be deemed "material" within the meaning of this rule:

- (a) Where the interest arises only (i) from such person's position as a director of another corporation or organization which is a party to the transaction; or (ii) from the direct or indirect ownership by such person of less than a ten percent (10%) equity interest in another person (other than a partnership) which is a party to the transaction; or (iii) from both such position and ownership.
- (b) Where the interest arises only from such person's position as a limited partner in a partnership in which the person and all other persons specified in the above paragraph have an interest of less than ten percent (10%); or
- (c) Where the interest arises solely from the holding of an equity interest (including a limited partnership interest, but excluding a general partnership interest) or a creditor interest in another person that is a party to the transaction with the Exchange or any of its subsidiaries, and the transaction in question represents five percent (5%) or less of the other entity's consolidated gross revenues for its last full fiscal year. (04/01/00)

Resolution - The following Resolution was adopted by the Board of Directors on June 24,1987:

WHEREAS, the Board of Trade of the City of Chicago ("Board of Trade") has consistently followed a policy of trading options contracts on all liquid futures contracts to the maximum extent permitted by federal law and regulation; and

WHEREAS, it is the unanimous consensus of this Board of Directors that options on futures contracts have proven to be a successful product of great benefit to both the membership and public market participants; and

WHEREAS, the Board of Directors this day approved and recommended for membership approval an agreement to establish a joint venture with the Chicago Board Options Exchange which includes commitments regarding future trading on options on futures contracts;

THEREFORE, BE IT HEREBY RESOLVED: That it is the unanimous consensus of this Board of Directors and the recommendation of this Board to future Boards of Directors that the policy of establishing options on liquid futures contracts to the maximum extent permissible by law be continued when in the best interest of the membership and the public.

Interpretation - The Board of Directors adopted the following on April 17, 1990 as a formal rule interpretation which confirms established Exchange practice:

"For purposes of all petition provisions in Rules 102.00 'Nominations for Elective Office' and 107.00 'Amendment of Rules', the signature of an Associate Member shall count for 1/6th of the signature of a Full Member."  
(08/01/94)

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Ch2 Applicants

200.00 Applicants for Membership - Any individual, other than an employee of the Association, at least twenty-one years of age, of good character, reputation, financial responsibility and credit who satisfies the Membership Committee that such individual is suitable to assume the responsibility and privileges of membership shall be eligible. 100 (08/01/94)

201.00 Application for Membership - Each application for membership shall be in writing and filed with the Exchange together with the names of one member sponsor. All applicants for membership shall be investigated as to the representations contained in the application. Upon receipt of the application for membership, the Secretary shall, within fifteen days thereafter, make available to members of the Association the name of the applicant and of the sponsor, and shall post the same information on the bulletin board for a period of at least ten days after such notification to the Membership.

The foregoing provisions do not apply to those applicants seeking to become Full Members or Full Member Delegates of the Exchange solely for the purpose of becoming regular members of the Chicago Board Options Exchange ("CBOE") pursuant to Rule 210.00 and Article FIFTH(b) of the CBOE's Certificate of Incorporation. Such applicants need only submit an application in writing in the form and manner prescribed by the Exchange. 101 (07/01/01)

201.00A Examination Requirement - Individuals applying for membership, who have not evidenced a broad experience in the commodity industry, will be required to pass a general futures examination covering the basics of the commodity industry before their membership application can be approved. 47R (12/01/02)

201.01 Responsibilities of Applicant for Membership and His Sponsors - Any undue delay by an applicant or his sponsors in the submission of documents required for processing of the membership application or any undue delay by the applicant or his sponsors in appearing may be deemed as a withdrawal of the membership application. 1807A (08/01/94)

201.01A Sponsoring Applicants for Membership - When the Exchange considers the qualifications of applicants for membership in the Chicago Board of Trade, it relies to a large extent upon the statements of members who are sponsoring the applicant.

Sponsorship, therefore, entails considerable responsibility; and the Exchange feels that such responsibility is not met when a member recommends for membership an individual whom the member sponsor does not know to be fully qualified. Such sponsorship is of no assistance whatever to the Exchange and only results in the rejection of the sponsorship-often to the embarrassment of both the applicant and the sponsor.

The Exchange requires that an applicant have one sponsor.

- - For applicants who will not have a primary clearing member ("PCM") firm, the sponsor must be either: (1) a registered member, partner or officer of a CBOT(R) member firm; or (2) a member who has been acquainted with the applicant for a period of at least ninety days.

- - For applicants who will have a PCM, the member sponsor must be a registered member, partner or officer of the applicant's PCM.

In every case it is imperative that a sponsor make a thorough investigation of the applicant and be fully informed regarding the applicant's character, integrity, financial standing and business history.

21R (12/01/02)

201.02 Maintenance of Membership Qualifications

1. Each applicant for membership, in accordance with the provisions of Regulation 203.01, member and member firm immediately shall notify the Association, in writing, upon the occurrence of any of the following events:

- Such member's suspension or expulsion from any other contract market or self-regulatory organization;
- Such member's plea of guilty to or conviction of any felony.

Failure to so notify the Association within ten days shall be an act detrimental to the Association. For the purpose of this regulation, "felony" shall mean any criminal sanction that is punishable by imprisonment of more than a year or a fine in excess of \$10,000.

Upon the Association's receipt of notification, by whatever means, of the occurrence of any of the above-referenced events, the matter shall be referred to the Membership Committee, which immediately shall review the matter to determine if there is sufficient basis to recommend that membership status be reconsidered. The Membership Committee shall advise the Chairman of the Association of its determinations in this regard.

2. The Chairman of the Association, upon the advice of the Membership Committee, is authorized to take summary action pursuant to this regulation, when immediate action is necessary to protect the best interests of the marketplace, without affording prior opportunity for hearing. The following procedures shall apply to such actions:

- (a) The respondent shall, whenever practicable, be served with a notice before the action is taken. If prior notice is not practicable, the respondent shall be served with a notice at the earliest possible opportunity. The notice shall:
  - (1) State the action,
  - (2) Briefly state the reasons for the action, and
  - (3) State the effective time and date and the duration of the action;
- (b) The respondent shall have the right to be represented by legal counsel or any other representative of his choosing in all proceedings subsequent to any summary action taken;
- (c) The respondent shall be given an opportunity for a subsequent hearing, within five business days, before the Membership Committee. The hearing shall be conducted in accordance with the following requirements:
  - (1) The hearing shall be promptly held before disinterested members of the hearing body after reasonable notice to the respondent. No member of the hearing body may serve on that body in a particular matter if he or any person or firm with which he is affiliated has a financial, personal or other direct interest in the matter under consideration.
  - (2) Formal rules of evidence need not apply, but the hearing shall not be so informal as to be unfair;
  - (3) The respondent shall have the right to invoke Rule 548.00, if applicable;
  - (4) The Member Services Department shall be a party to the hearing and shall present its case on those matters which are the subject of the hearing;
  - (5) The respondent shall be entitled to appear personally at the hearing and to be represented by counsel;



(6) The respondent shall be entitled to cross-examine any person(s) appearing as witness(es);

(d) Within five business days following the conclusion of the hearing, the Membership Committee shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall provide a copy to the respondent. The decision shall include:

- (1) A description of the summary action taken;
- (2) The reasons for the summary action;
- (3) A brief summary of the evidence produced at the hearing;
- (4) Findings and conclusions;
- (5) A determination that the summary action should be affirmed, modified, or reversed; and
- (6) A declaration of any action to be taken pursuant to the determination specified in (5) above and the effective date and duration of such action.

3. After the hearing conducted pursuant to Section 2(c) above is held before the Membership Committee, the following additional provisions shall apply.

The Regulatory Compliance Committee, pursuant to the provisions of Rule 540.00 and Regulation 540.05, shall consider the Membership Committee's findings and recommendations, as well as the record developed before the Membership Committee, at the next regularly scheduled meeting of the Regulatory Compliance Committee or at a meeting specially called by the Chairman as the Chairman may direct. The member under review shall have the opportunity to appear before and address the Regulatory Compliance Committee solely with regard to the record made before the Membership Committee; the Regulatory Compliance Committee shall not be required to entertain any new evidence absent a showing that such evidence could not reasonably have been presented previously to the Membership Committee. Upon full consideration of all the evidence before it, the Regulatory Compliance Committee may confirm the member's good standing status, restrict the member's membership status, deny the member's floor access, issue fines, or recommend to the Board of Directors that the member should be expelled or prohibited from association with any member or member firm.

4. The Regulatory Compliance Committee shall vote by secret ballot to take any action pursuant to this regulation. If two-thirds of the members present and voting cast votes in favor of such action, the action shall be adopted. (03/01/01)

202.00 Approval for Membership - If two-thirds of the Membership Committee present and voting cast affirmative votes, the applicant shall be approved. The power to deny such applications is expressly reserved to the Regulatory Compliance Committee. 103 (08/01/94)

202.01 Delegation of Authority to Approve Change in Status Request - The Chairman of the Membership Committee or a member of the Membership Committee who has been designated by the Membership Committee Chairman, or upon delegation by the Chairman, the Member Services and Member Firm Staff Service Department, will have the power to approve the request of a Full or Associate Member, a Membership Interest Holder or a Full Member of the MidAmerica Commodity Exchange to obtain additional Full or Associate Memberships, Membership Interests, or to change his or her delegate status. The power to deny such a request is expressly reserved to the Regulatory Compliance Committee.

For the purpose of this regulation, the Chairman may not delegate approval authority to the Member Services and Member Firm Staff Services Department when the following factors are present:

1. The applicant has answered affirmatively to any question in the "Disciplinary Action" section of the application;
2. The applicant has indicated on the application that he or she is indebted to any member or

member firm;

3. The applicant has indicated that he or she has a negative net worth;  
or
4. The applicant has trading privileges on the MidAmerica Commodity  
Exchange only.

The foregoing provisions shall not apply to a Full Member or Full Member Delegate of the Exchange who was initially approved for membership pursuant to Regulation 202.01A, unless such applicant intends to become a Full Member or Full Delegate solely for the purpose of becoming a regular member of the Chicago Board Options Exchange ("CBOE") pursuant to Rule 210.00 and Article FIFTH(b) of the CBOE's Certificate of Incorporation. (11/01/99)

202.02 Procedures for Hearings on Preliminary Denials by the Membership Committee - In connection with all hearings conducted with respect to preliminary denials of applications for membership or any other denial by the Membership Committee, the following procedures shall be followed:

- (a) The respondent shall be entitled in advance of the hearing to examine all books, documents, or other tangible evidence in the possession or under the control of the Association upon which the Member Services and Member Firm Staff Services Department will rely in presenting the issue(s) contained in the Preliminary Denial Letter or which are relevant to that (those) issue(s). Respondent shall make its request to examine any materials by submitting it in writing to the Member Services and Member Firm Staff Services Department as soon as practicable. At least ten (10) business days in advance of the hearing, the respondent shall submit to the hearing officer, with a copy to the Member Services and Member Firm Staff Services Department, copies of all documents which the respondent intends to rely upon in presenting his or her case, as well as the names of any witnesses the respondent intends to call.
- (b) The Member Services and Member Firm Staff Services Department shall be entitled in advance of the hearing to examine all books, documents, or other tangible evidence in the possession or under the control of the respondent which will be relied upon by the respondent in presenting the issue(s) contained in the Preliminary Denial Letter or which are relevant to those issues. The Member Services and Member Firm Staff Services Department shall make its request to examine any materials by submitting it in writing to the respondent as soon as practicable. At least ten (10) business days in advance of the hearing, the Member Services and Member Firm Staff Services Department shall submit to the hearing officer, with a copy to respondent, copies of all documents which the Member Services and Member Firm Staff Services Department intends to rely upon in presenting its case, as well as the names of any witnesses the Department intends to call;
- (c) Any dispute over a request to examine any book, document, or other tangible evidence in the possession or under the control of either party shall be submitted to the Chairman of the Committee for resolution only after the parties have made all reasonable attempts to resolve the dispute among themselves;
- (d) If objected to or upon its own motion, the hearing panel may refuse to consider any book, record, document or other tangible evidence which was not made available to the opponent of the evidence or was not disclosed in accordance with this paragraph. The panel may also exclude the testimony of any witness whose name was not submitted to the opponent of the witness as provided above. The hearing panel may consider such evidence or testimony upon a clear showing that such evidence was not ascertainable by due diligence at least ten (10) business days in advance of the hearing and that there was insufficient time prior to the hearing to bring such evidence to the attention of the opposing party;

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- (e) The hearing shall be promptly held before disinterested member of the Membership Committee or any duly appointed Subcommittee thereof after reasonable notice to the parties. No member of the Membership Committee may serve on a hearing panel in a particular matter if he or she or any person or firm with which he or she is affiliated has financial, personal or other direct interest in the matter under consideration. After service of the preliminary denial letter, both parties to the hearing are prohibited from making any ex parte contacts with any member of the Membership Committee. For the purpose of this paragraph, an "ex parte contact" shall mean any communication, either written or oral, which relates directly or indirectly to the issue to be heard and which is made to a member of the Membership Committee who will be a member of the panel which shall decide the issue.
- (f) Formal rules of evidence need not apply, but the hearing shall not be so informal as to be unfair;
- (g) The respondent shall have the right to invoke Rule 548.00, if applicable;
- (h) The Member Services and Member Firm Staff Services Department shall be a party to the hearing and shall present its case on those issues which are the subject of the hearing;
- (i) The respondent shall be entitled to appear personally at the hearing and to be represented by counsel;
- (j) The parties shall be entitled to cross-examine any person(s) appearing as witness(es);
- (k) The parties shall be entitled to call witnesses and to present such evidence as may be relevant to the issue(s) presented;
- (l) Pursuant to Rule 545.00, all persons within the jurisdiction of the Association who are called as witnesses shall be obliged to appear at the hearing and/or to produce evidence;
- (m) Substantially verbatim record of the hearing, capable of being accurately transcribed, shall be made and shall become part of the record of the proceeding. (07/01/97)

202.03 Membership Committee's Preliminary Decisions - All preliminary decisions rendered by the Membership Committee shall be in writing and be based upon the weight of the evidence contained in the record of the proceeding. A copy of the decision shall be provided to the respondent and shall include:

- (a) The issue(s) presented to the Committee;
- (b) The response submitted by the applicant or member, if any, or a summary of the answer;
- (c) A brief summary of the evidence produced at the hearing;
- (d) A statement of findings and conclusions with respect to the issue(s) presented;
- (e) A declaration containing the Committee's preliminary decision;
- (f) All such decisions shall be rendered within thirty business days after the conclusion of the hearing, unless, by virtue of the complexity of the issue or other special circumstances, additional time is required;
- (g) The Committee shall give respondent reasonable notice of the date on which its recommendation, based on its preliminary decision, will be forwarded to the Regulatory Compliance Committee for its consideration. (07/01/97)

203.01 Procuring a Membership or Membership Interest - An individual who wishes to procure a membership privilege may do so either prior or subsequent to being approved for a particular membership status. A person who has acquired a membership privilege prior to being approved for a particular membership status as provided in Regulation 249.01 shall become a member or membership interest holder following such approval upon signing the appropriate register of the Association. A person approved for a particular membership status prior to acquiring a membership or membership interest shall become a member or membership interest holder if within six (6) months after he/she has been notified of such approval, or within such extension of said period as may be granted by the Exchange, he/she shall procure a membership or membership interest and sign the appropriate register of the Association; otherwise his/her approval for a particular membership status

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shall be deemed vacated. (03/01/01)

204.00 Membership Obtained by Fraud - A membership obtained by fraudulent representations or concealment shall be disposed of by the Board. 106 (08/01/94)

205.00 Agreement to Observe Rules and Regulations - Applicants for membership shall be required to sign a written agreement to observe and be bound by the Charter, Rules, and Regulations of the Association, and all amendments subsequently made thereto. 107 (08/01/94)

205.01 Acquisition of Class A Units of Ceres Trading Limited Partnership - Any person or entity who acquires ownership of a membership or a membership interest after July 17, 1992 shall, simultaneously with the acquisition of ownership of such membership or membership interest, purchase a Class A unit of limited partnership interest of Ceres Trading Limited Partnership, a Delaware limited partnership, of the appropriate sub-class (as set forth in Section 3.8 of the Agreement of Limited Partnership governing Ceres Trading Limited Partnership) from the person or entity from which he, she or it is acquiring ownership of the membership or membership interest (the "Transferor"), or if such Transferor does not own a unit of limited partnership interest of Ceres Trading Limited Partnership, from the General Partner of Ceres Trading Limited Partnership. The proceeds payable to a Transferor who does not own a unit of limited partnership interest of Ceres Trading Limited Partnership shall be equal to (a) the aggregate proceeds paid by the Purchaser for the membership or membership interest plus a unit of limited partnership interest reduced by (b) the amount paid to the General Partner for such unit of limited partnership interest under Section 10.3(b) of the Agreement of Limited Partnership. The acquisition of ownership of a membership or membership interest shall constitute a request of the acquirer that the books and records of Ceres Trading Limited Partnership reflect the acquirer's admission as a substituted limited partner thereof, and shall constitute the acquirer's agreement to be bound by the Agreement of Limited Partnership. (08/01/94)

206.02 Gratuities - No member of the Association shall employ any employee of the Association or of the Clearing House, for any service outside the hours of regular employment by the Association or such corporation, without having first obtained the approval therefor of the President or of said Clearing House, as the case may be, and registering therewith the name of said employee, the nature of the services rendered, and the amount of said compensation.

No member shall give any compensation or gratuity to an employee of the Clearing House unless the giving of such compensation or gratuity be first submitted in writing to the Clearing House and approved.

No member, member firm or employee thereof shall directly or indirectly give or offer to give any compensation or gratuity in excess of \$250 (or having a reasonable aggregate value in excess of \$250) per person per year to any employee of the Association. Employees of the Association are forbidden to accept any compensation or gratuity in excess of \$250 from any member, member firm or employee thereof for any service rendered or to be rendered unless the giving of such compensation or gratuity be first submitted in writing to the President and approved. A gift of any kind is considered a gratuity.

No member, member firm or employee thereof, shall give or offer to give gratuities to any other member, member firm or employee thereof in an amount exceeding that which may be considered reasonable and proper under normal business practices as determined by the Business Conduct Committee. The giving or offering to give gratuities to a member, member firm or employee thereof is not to become a vehicle to obtain Exchange related business in a non-competitive fashion. Failure to comply with this Regulation may be deemed an act detrimental to the interest or welfare of the Association. (08/01/94)

207.00 Office Address - Every member shall register with the Secretary an address and subsequent changes thereof where notices may be served. 128 (08/01/94)

207.01 Primary Clearing Member - Every member shall register the name and clearing house number of his or her Primary and Secondary Clearing Member with the Member Services and Member Firm Staff Services Department. If applicable, the registration shall include the name and clearing house number of any division of the clearing member firm. In addition, every member shall notify the

Member Services and Member Firm Staff Services Department of any changes in his or her Primary and/or Secondary Clearing Member, including the name and clearing house number of the division thereof if applicable. (07/01/97)

208.00 Conducting Business Under a Firm Name - An individual may conduct his business under a firm name provided it is clearly stated on all letterheads, statements, and other business forms that the individual is the sole owner of the firm. 132 (08/01/94)

208.01 Conducting Business Under a Firm Name - An individual conducting business under a firm name as a sole proprietor pursuant to Rule 208.00 shall submit a statement to the Department of Member Services of this Association giving the name, address, and nature of the business conducted. The member shall report immediately any change in the required information. 1803 (08/01/94)

209.00 Indemnification of Association - In any legal proceeding brought against the Association and alleging its failure to prevent, detect or require certain conduct of a member or registered eligible business organization, which conduct or inaction is alleged to be in violation of any law or of the Rules and Regulations of the Association, such member or registered eligible business organization shall indemnify and hold the Association harmless for the full amount of any expense (including attorney's fees), judgment or settlement paid by it in respect to such proceeding. 134 (04/01/98)

209.01 Floor Trading Permits - The Board of Directors may at any time in its discretion establish a limited number of floor trading permits as needed to promote orderly and liquid markets in new and existing contracts. Such permits shall convey to qualified individuals a temporary right to trade as principal and/or broker for others in designated contracts on the floor of the Exchange. Such permits shall not be convertible into memberships or membership interests or carry any other rights or incidents not expressly specified in creating such permits. (08/01/94)

209.02 MidAmerica Floor Access Members' Trading Privileges - Floor Access Members of the MidAmerica Commodity Exchange shall be eligible to trade as principal and as broker for others in Institutional Index futures contracts on the Exchange Floor. Such persons may communicate from the Exchange Floor with non-member customers in the same manner as members may do so, but only with respect to Institutional Index futures contracts.

In the exercise of these privileges, such persons shall be subject to the jurisdiction of the Association and to all duties and obligations imposed upon members, registered firms or other approved persons under the Rules and Regulations; provided, however, that the Board may exempt such persons from any such duty or obligation which, in its sole judgement, is incompatible or in conflict with, or is unrelated to, the activities performed by them. (08/01/94)

209.03 Product Sponsor Programs - The Board of Directors may at any time in its discretion establish product sponsor programs as needed to promote orderly and liquid markets in new contracts. A product sponsor program shall convey to qualified members and member firms such inducements as the Board may grant in return for a product sponsor's participation in a particular contract market. A product sponsor program shall not create any interests or carry any other rights or incidents thereto which are not expressly specified in creating the program. (08/01/94)

209.04 Mini-Sized Contract Permit Holders' Trading Privileges - Floor Access Members of the MidAmerica Commodity Exchange who are on record as of September 1, 2001 and who remain Floor Access Members thereafter shall be reclassified as CBOT Mini-Sized Contract Permit Holders and thereby will be eligible to trade as principal and as broker for others in CBOT mini-sized contracts in 30 Year Treasury Bond, 10 Year Treasury Note, Eurodollar, NY Silver, NY Gold, Corn, Soybean, and Wheat futures on the a/c/e/ trading platform and in Rough Rice futures and futures options contracts on the Exchange Floor through December 31, 2002. Such persons may communicate from the Exchange Floor with non-member customers in the same manner as members may do so, but only with respect to Rough Rice contracts.

In the exercise of these privileges, such persons shall be subject to the jurisdiction of the Association and to all duties and obligations imposed upon members, registered firms or other approved persons under the Rules and Regulations; provided, however, that the Association may exempt such persons from any such duty or obligation which, in its sole judgement, is incompatible or in conflict with, or is unrelated to, the activities performed by them. (10/01/01)

209.05 Membership In OneChicago, LLC - Each holder of Full, Associate, COM, GIM or IDEM member trading privileges is a member of OneChicago, LLC, and to the extent provided in OneChicago rules, becomes bound by OneChicago rules and subject to the jurisdiction of OneChicago by accessing or entering any order into the OneChicago System. (11/01/02)

210.00 Full Member CBOE "Exercise" Privilege - In accordance with the Agreement entered into on September 1, 1992 (the "Agreement") between the Exchange and the Chicago Board Options Exchange ("CBOE"), Eligible CBOT Full Members who maintain all appurtenant trading rights and

privileges of a full membership, including any new trading rights or privileges granted, assigned or issued to a CBOT full membership to the extent such right or privilege is deemed under the provisions of such Agreement to be appurtenant to a CBOT Full Membership, are eligible to become regular members of the CBOE pursuant to Article Fifth(b) of CBOE's Certificate of Incorporation. A CBOT Full Member may delegate all of his trading rights and privileges of full membership to an individual who will then be eligible to become a regular CBOE member pursuant to Article Fifth(b) of CBOE's Certificate of Incorporation; provided, however, if a CBOT Full Member delegates some, but not all, of the appurtenant trading rights and privileges of full membership, then neither the member nor the delegate will be eligible to be a CBOE regular member pursuant to Article Fifth(b). No person who is not either an Eligible CBOT Full Member or an Eligible CBOT Full Member Delegate (See Rule 221.00(g)(ii)) shall knowingly apply to become, or knowingly remain, a regular member of CBOE pursuant to Article Fifth(b) of CBOE's Certificate of Incorporation.

For purposes of the Agreement entered into on September 1, 1992 between the Exchange and the CBOE, an Eligible CBOT Full Member means an individual who at the time is the holder of one of the One Thousand Four Hundred Two (1,402) CBOT full memberships ("CBOT Full Memberships") existing on the date of the Agreement and who is in possession of all trading rights and privileges appurtenant to such CBOT Full Membership. In the event a CBOT Full Membership is registered for a partnership, corporation or other entity, only the individual who is the holder of such CBOT Full Membership and who is in possession of all trading rights and privileges appurtenant to such CBOT Full Membership shall be deemed to be an "Eligible CBOT Full Member." "Trading rights and privileges appurtenant to such CBOT Full Membership" means (1) the rights and privileges of a CBOT Full Membership which entitle a holder or delegate to trade as principal and broker for others in all contracts traded on the CBOT, whether by open outcry, by electronic means, or otherwise during any segment of a trading day when trading is authorized; and (2) every trading right or privilege granted, assigned or issued by CBOT after the effective date of this Agreement to holders of CBOT Full Membership, as a class, but excluding any right or privilege which is the subject of an option granted, assigned or issued by CBOT to a CBOT Full Member and which is not exercised by such CBOT Full Member. (08/01/94)

211.00 Associate Memberships - A personal privilege designated as an Associate Membership is hereby created to promote orderly and liquid markets and to provide for the future growth of the Association through increased liquidity and participation in the trading on the Floor of the Exchange. Associate Members shall be allowed to trade, as hereinafter provided, all existing and prospective future contracts and options contracts which shall be listed from time to time in the Government Instruments Market; Index, Debt and Energy Market; and Commodity Options Market categories pursuant to Rule 290.00. An Associate Member shall have the right, subject to the Rules and Regulations of the Association, to trade as principal and as broker for others and to solicit orders from others on the Floor of the Exchange, in all eligible contracts and options as designated above. Associate Memberships shall not carry with them the attributes of full memberships of the Association under the Fifth Article of the Certificate of Incorporation of the Chicago Board Options Exchange. In the event of liquidation of the Association, the Associate Member's share of the proceeds from dissolution shall be 1/6th of a full member's share. (08/01/94)

212.00 Reciprocal Trading Privileges with LIFFE -

(a) (1) Subject to the provisions of the Link Agreement with LIFFE and the LIFFE rules, one who owns or is registered for an undelegated Full or Associate Membership and is authorized by the Association for these purposes may (A) enter the trading floor of the LIFFE market, (B) trade contracts in the terms of Designated CBOT Contracts on the trading floor of the LIFFE market and (C) communicate from the trading floor of the LIFFE market to persons not on that floor, with respect to Designated CBOT Contracts.

(2) A member who trades contracts in the terms of Designated CBOT Contracts on the trading floor of the LIFFE market shall be eligible for member transaction fees assessed by the Exchange on positions transferred to the Clearing House.

(3) During any period when the rights granted by this Rule are being exercised at LIFFE, the membership may not be used by anyone to trade on the floor of the Exchange.

Ch2 Applicants

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(b) (1) Subject to the provisions of the Link Agreement with LIFFE and the rules and regulations of the Association, a member of LIFFE or a trader registered with a member of LIFFE (but not a leaseholder) who is authorized by LIFFE for these purposes, may (A) enter the floor of the Exchange, (B) trade contracts in the terms of Designated LIFFE Contracts on the floor of the Exchange and (C) communicate from the Floor of the Exchange with persons not on the Floor of the Exchange, with respect to Designated LIFFE Contracts.

(2) The primary clearing member of such a person, referred to in (b) (1) above, shall guarantee his obligations under Rules 252.00 and 253.00.

(3) Upon revocation of such a person's primary clearing authorization, the Secretary shall give written notice thereof to all members and delegates. Thereafter, all members and delegates who may have claims against him may file claims in the same manner as provided in Rules 252.00 and 253.00 of the Association. The primary clearing member shall be responsible for the payment of those claims allowed by the Board and not satisfied promptly by such a person whose primary clearing authorization has been revoked. (06/01/97)

213.00 Assessments and Fees - Associate Members shall be responsible for all operating assessments and exchange service fees as if a full member of the Association. 863 (08/01/94)

214.00 Obligations and Duties - Associate Members shall be subject to all Rules and Regulations of the Association including all specific duties and obligations imposed on them by the Rules and Regulations, as well as those duties and obligations imposed upon members, registered firms or other approved persons under the Rules and Regulations; provided, however, the Board may exempt Associate Members from any such duty or obligation which is incompatible with or in conflict with or unrelated to, the activities performed by them. 864 (08/01/94)

215.00 Associate Members Committee - There will be an elected Committee of Associate Members whose purpose will be to represent the rights and privileges of the Associate Membership and to promote those rights and privileges to the mutual benefit of the general membership.

The Committee shall consist of fifteen (15) Associate Members elected on the Annual Election date by the Associate Membership. At the first election following the adoption of this Rule, eight members will be elected for a two-year term and seven members will be elected for a one-year term. Thereafter, seven members will begin a new two-year term each even-numbered year and eight members will begin a new two-year term each odd-numbered year. The Committee will select its Chairman and Vice Chairman. The Chairman of this Committee will be the liaison to the Chairman of the Board of Directors. 865 (08/01/94)

217.00 Applicants - Applicants for Associate Memberships shall be approved in the same manner and under the same conditions and procedures as are applicants for full membership. 867 (08/01/94)

219.00 Communications From Floor - Associate Members may communicate from the Floor of the Exchange during business hours with non-member customers in the same manner as members, but only with respect to eligible futures contracts or options as defined in Rule 211.00. 869 (08/01/94)

220.00 Violations - In addition to being bound to comply with the Rules and Regulations of the Association to which all members are bound, unless exempted by the Board under Rule 214.00, it shall be an offense against the Association for an Associate Member to:

- (1) Execute a trade in any futures contracts or options that are not eligible as defined in Rule 211.00;
- (2) Place an order on the Floor of the Exchange for the execution of any futures contracts or options that are not eligible as defined in Rule 211.00; or
- (3) Engage in words or deeds which represent, or are reasonably calculated to represent, that he is a holder of a full membership. 870 (08/01/94)

221.00 Delegation - An individual member may delegate the rights and privileges of Full and/or Associate Memberships to an individual (a "delegate") upon the following terms and conditions:

- (a) The delegate shall first be approved by the Exchange under the standards of Rule 200.00 and shall sign a written agreement to observe and be bound by the Charter, Rules, and Regulations of the

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Association, and all amendments subsequently made thereto: Provided, however, an approved delegate having no outstanding disciplinary penalties and no restrictions pursuant to Rule 511.00 or 512.00 shall remain approved to enter a new delegation agreement within six (6) months following the termination of the previous delegation agreement. The Exchange may, in its discretion, grant extensions of this six (6) month approval period.

- (b) The delegation agreement, any amendment thereto, and any termination, revocation, or renewal thereof, shall be in writing in such form as the Exchange may prescribe, and a copy thereof shall be filed by the member with the Exchange as a precondition to its effectiveness: Provided, however, the delegation agreement shall be null and void automatically upon the happening of any of the following events:
- (1) Loss of any of the qualifications for entering a delegation agreement, such as sale of the membership of the member or expulsion of the member or the delegate; or
  - (2) The suspension of the member by the Association within three months of the date of the filing of the delegation agreement by the member with the Exchange;
- (c) (1) The member shall remain liable (for an amount up to, but not in excess of, the value of the seat the member has leased) for the debts, acts and delinquencies of the delegate arising from the delegate's exercise of rights and privileges of membership. The membership so delegated may be sold to satisfy any such liability in accordance with the Rules and Regulations of the Association. Delegation shall not relieve the member of any of his obligations or liabilities which he might otherwise have by the virtue of being a member of the Association to other members of the Association;
- (2) Upon the termination or expiration of the delegation agreement, the Secretary shall, make notice thereof available to the membership. Thereafter, all members and delegates who may have claims against the delegate may file claims in the same manner as provided in Rule 252.00 of the Association. The member entering into a delegation agreement shall be responsible for the payment of those claims allowed by the Board and not satisfied promptly by the delegate, but only to the extent of the value of the membership so delegated;
- (d) A delegate shall not be entitled to register under Rule 230.00 for an eligible business organization;
- (e) The Finance Committee, in its discretion, may impose fees, charges and assessments upon members and delegates under this Rule; and
- (f) Upon the filing of a delegation agreement or renewal notice with the Exchange, notice thereof shall be posted promptly on the bulletin board, and shall be made available upon request to the Membership and to the primary clearing member for the member party to the delegation agreement.
- (g) (i) In accordance with the Agreement entered into on September 1, 1992 ("the Agreement") between the Exchange and the Chicago Board Options Exchange ("CBOE"), only an individual who is an "Eligible CBOT Full Member" or an "Eligible CBOT Full Member Delegate", as those terms are defined in the Agreement, is a "member" of the Exchange within the meaning of paragraph (b) of Article Fifth of CBOE's Certificate of Incorporation ("Article Fifth(b)") and only such individuals are eligible to become and to remain regular members of the CBOE pursuant to Article Fifth(b). No person who is not either an Eligible CBOT Full Member or an Eligible CBOT Full Member Delegate shall knowingly apply to become, or knowingly remain, a regular member of CBOE pursuant to Article Fifth(b) of CBOE's Certificate of Incorporation.
- (g) (ii) For purposes of the "Agreement" referenced in Rule 221.00(g) (i), an "Eligible CBOT Full Member Delegate" means the individual to whom a CBOT Full Membership is delegated (leased) and who is in possession of all trading rights and privileges appurtenant to such CBOT Full Membership. "Trading rights and privileges appurtenant to such CBOT Full Membership" means (1) the rights and privileges of a CBOT Full Membership which entitle a holder or delegate to trade as principal and broker for others in all contracts traded on the CBOT, whether by open outcry, by electronic means, or otherwise, during any segment of a trading day when trading is authorized; and (2) every trading right or privilege granted, assigned or issued by CBOT after the effective date of this Agreement to holders of CBOT Full Memberships, as a class, but excluding any right or privilege which is the subject of an option granted, assigned or issued by CBOT to a CBOT Full Member



and which is not exercised by such CBOT Full Member. (05/01/01)

221.01 Delegation by Deceased Member's Estate - The legal representative of a deceased member's estate, during the pendency of probaton of the deceased member's estate, may delegate such deceased member's trading privileges in accordance with Rule 221.00. Upon transfer of the estate assets to the deceased member's heirs, the provisions of Regulation 249.01 shall apply. (08/01/94)

221.02 Floor Access of Delegating Members and Delegates

(a) A full or associate member who has delegated the rights and privileges of his only membership, or of all his memberships, for any of the three trading segments, pursuant to Rule 221.00, and who does not hold a Floor Clerk or Broker Assistant badge, shall not have physical access to the Floor of the Exchange for such trading segment(s) during the effective period of such delegations; provided that this Regulation shall not apply to "Twenty-Five Year Members" as described in Regulation 301.10.

Provided further, that members of the Board of Directors who have delegated the rights and privileges of their only membership, or of all of their memberships, may have physical access to the Floor of the Exchange to the same extent as do "Twenty-Five Year Members" as described in Regulation 301.10.

(b) A delegate who does not hold a Floor Clerk or Broker Assistant badge shall not have physical access to the Floor of the Exchange during the trading segment(s) in which he is not entitled to the rights and privileges of membership. (07/01/99)

221.03 Minimum Delegation Term - No delegation agreement shall have a term of less than thirty (30) days. The foregoing limitation shall not apply to delegation agreements for Full Member Delegates who will utilize their memberships solely for the purpose of becoming a regular member of the Chicago Board Options Exchange ("CBOE") pursuant to Rule 210.00 and Article FIFTH(b) of the CBOE's Certificate of Incorporation. (11/01/99)

221.05 Delegates' Clearing Members -

(1) Except as provided in paragraph (2) below, no delegate may receive clearing authorization from any Primary Clearing Member, or from any other Clearing Member, pursuant to Rule 333.00 without first having:

(a) obtained written permission from his/her member-delegator; and

(b) filed such written permission with the Department of Member Services.

(2) In the event that a delegate cannot obtain written permission from his/her member-delegator before he or she receives clearing authorization from a new Primary Clearing Member, such delegate may nevertheless obtain such clearing authorization if the new Primary Clearing Firm executes and submits to the Department of Member Services a suretyship agreement inuring to the benefit of the member-delegator and in a form approved by the Exchange. However, the delegate must obtain his/her member-delegator's permission within 30 days of changing Primary Clearing Members. If the delegate does not obtain the permission within that period, he or she will be denied access to the floor. The delegate will not be able to regain access to the floor until such permission is submitted to the Department of Member Services. (04/01/99)

221.07 Voting Rights - On and after June 21, 1982, no full or associate member may delegate to any other person the right to vote on any matter subject to a ballot vote among the general membership. (08/01/94)

221.08 Requirements for Delegates of Membership Interests\* - The Board, in its discretion, may require that each person who is granted status as a delegate of a COM, GIM or IDEM Membership Interest pursuant to a delegation agreement entered into on or after (effective date to be determined), execute up to a specified percentage, not to exceed 20%, or a specified number not to exceed 200 of such person's round turn principal transactions per month in one or more contracts designated by the Board.

The Board may establish different proportions or levels applicable to each membership interest

category, and any such proportion or level shall be applied in uniform fashion to every delegate in each respective membership interest category. Consistent with these standards, the Board may alter such proportion or level at any time.

Failure to comply with the provisions of this regulation or the directives of the Board adopted pursuant to this regulation may be considered an act detrimental to the welfare of the Association. Effective June 1, 1984.  
(08/01/94)

221.09 Delegation of Firm-Owned Memberships and Membership Interests - An eligible business organization registered as a member firm under Rule 230.00 may delegate the rights and privileges of a firm-owned membership or membership interest to an individual ("delegate") upon the terms and conditions set forth in Rule 221.00, but only if the membership being leased is not necessary to satisfy the requirements for registration as a member firm or, if applicable, as a clearing member firm. (04/01/98)

221.10 Indemnification of Delegators - To the extent consistent with the Association's claims Rules and Regulations, the Board of Directors shall honor and enforce valid indemnifications given by a clearing member to a member or membership interest holder who delegates the rights and privileges of his membership or membership interest (the "delegator") in connection with the delegator's potential liability under Rule 221.00 (c). The indemnification shall be in writing in such form as the Exchange may prescribe. (08/01/94)

221.11 Delegation by Trust - A trust may delegate the rights and privileges of any membership(s) or membership interest(s) held by the trust upon the terms and conditions set forth in Rule 221.00. (07/01/95)

222.00 Multiple Membership - A member may own more than one membership in his name, and a member firm may own the title and value of more than one membership pursuant to Regulation 249.01(b). 872 (08/01/94)

224.00 Trades of Non-Clearing Permit Holders - Each permit holder's Primary Clearing Member is responsible for the payment of the permit holder's dues, fees and assessments. (08/01/94)

225.00 General Enabling Rule for Market Maker Programs - The Chief Executive Officer of the Exchange shall have the authority to approve the implementation of Market Maker programs, pursuant to which Market Makers would be authorized to maintain two-sided markets, for products in the municipal bond complex, the equity index complex, and all products launched after December 31, 1999. To the extent that the terms of any such Market Maker program may be in conflict with any Rules or Regulations of the Exchange, such terms shall supersede such Rules or Regulations. However, nothing in this Rule shall alter or waive a member's responsibility to comply with provisions of the Commodity Exchange Act or Rules or Regulations of the Commodity Futures Trading Commission unless exempted by the Commission. (04/01/01)

230.00 Registration - An eligible business organization as determined by the Membership and Financial Compliance Committees may be a member firm of this Association with respect to all contracts by virtue of a Full membership held in the name of one of its managerial employees. An eligible business organization as determined by the Membership and Financial Compliance Committees, which is wholly owned by one or more members or member firms, or which wholly owns a member firm, may be a member firm of this Association only with respect to those contracts in which Associate Members have trading privileges, by virtue of an Associate Membership held in the name of one of its managerial employees. A managerial employee who desires to designate an eligible business organization for either of the above purposes shall make application to the Membership Committee, giving therein such information as may be requested. If the application is granted, the membership shall be registered for the benefit of the eligible business organization, and such eligible business organization shall be entitled to member firm privileges with respect to all contracts or only with respect to contracts in which Associate Members have trading privileges, as the case may be. For purposes of this Rule and the regulations hereunder, the term "managerial employee" shall mean any senior employee of the eligible business organization who is in a managerial position and who is in a position to influence the firm's operations with respect to commodity futures and options business on this Exchange. Whether or not a particular employee qualifies as "managerial employee" shall be in the sole discretion of the Membership Committee and shall be based on the circumstances and qualifications of the individual applicant.

A member firm may be a member of the Clearing House and entitled to privileges therein with respect to all contracts, pursuant to the membership registration requirements of Rule 703.00. All such memberships shall be registered hereunder in the manner described above, and under the criteria prescribed in Rule 703.00. Member firms shall be subject to all requirements and prohibitions contained in the Rules and Regulations applicable to members, and in such cases, all registered members shall be subject to discipline and their memberships subject to sale by the Board for the acts or delinquencies of the firm for which they are registered. All such designations may be terminated at any time by the Board, or by the registered member with the written approval of the Exchange.

A member who is a partner of a partnership, an officer, director or substantial stockholder of a corporation, or a member or manager of a limited liability company which is engaged in the securities, commodities, or grain business on a broker or dealer basis or in the processing or storing of commodities shall register his or her membership for the benefit of such partnership, corporation, or limited liability company pursuant to the provisions of this Rule, unless another membership is already registered for such partnership corporation, or limited liability company; or unless such partnership, corporation, or limited liability company has filed with the Exchange a duly authorized undertaking that it will, when required by the Exchange, submit its books and papers or any portion thereof to the Exchange and furnish any information to or cause any of its officers, directors, partners, managers, members, and/or employees to appear and testify before the Exchange. 226 (08/01/01)

230.01 Eligible Business Organizations - Trading Authority - Each member of the Association whose membership privilege is registered for the use of an eligible business organization must have the authority to enter into Exchange and Members' contracts for or on behalf of his or her eligible business organization. Each registered partnership must keep on file with the Exchange a copy of its Partnership Agreement and amendments thereto showing the authority of its designated managerial employees to transact business on the Exchange for or on behalf of the partnership. Each registered corporation must keep on file with the Exchange copies of resolutions of its directors, attested to by the secretary of the corporation, showing the authority of its designated managerial employees to transact business on the Exchange for or on behalf of the corporation. Each registered limited liability company must keep on file with the Exchange copies of the Unanimous Consent of the Members showing the authority of its designated managerial employees to transact business on the Exchange for or on behalf of the limited liability company. 1783

Notwithstanding any other Regulation, any member or membership interest holder who is associated as a partner, shareholder, member, officer, manager, employee, or consultant with any entity or natural person that is or should be registered as an Introducing Broker, a Futures Commission Merchant, or a Commodity Trading Advisor as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3 may not solicit orders of others from the Floor of the Exchange unless the entity or natural person for which or for whom the member is soliciting orders is also a member firm or a member of the Exchange. (08/01/01)

230.02 Registration of Membership for Eligible Business Organizations - A member desiring to register his or her membership for an eligible business organization under Rule 230.00 shall submit a statement giving the name of the eligible business organization and the business in which it is engaged. If the eligible business organization is organized as a corporation, the statement must also include the corporation's authorized and outstanding capital stock. The statement must also show that the member is a managerial employee of the eligible business organization and is duly empowered by the eligible business organization to enter into contracts for and on behalf of the eligible business organization. In addition, the statement must designate the type of business activity, as measured by the following list, for which registration is requested:

- (1a) Registered Futures Commission Merchants ("FCM") - Clearing.
- (1b) Registered FCM - Non-clearing.
- (2a) Non-FCM - Clearing.
- (2b) Non-FCM - Non-clearing.
- (2c) Non-FCM - Non-clearing Associate Member affiliate of another member firm.
- (3) e-cbot member firm.

If activity level (1a) or (1b) has been designated, the member shall submit the following financial information of the eligible business organization: a certified financial statement prepared by an independent Certified Public Accountant as of the most recent fiscal year end, and a financial statement (which need not be certified) which is current as of the most recent preceding calendar month end. If any other activity level is designated, the member shall submit the following financial information of the eligible business organization: its most recent certified financial statement (if applicable) and a financial statement (which need not be certified) which is current as of the most recent preceding calendar month end. This financial information is not required if the member is registering for an eligible business organization which already is a registered member firm of the Exchange and is not changing its type of business to (1a) or (1b) from any other type of business.

The Exchange may in its discretion waive or modify the foregoing requirements in the case of changes in registration necessitated by reorganization of firms currently registered with the Exchange.

Approval is required for a registered eligible business organization changing or expanding its type of business to a higher level of business activity as set forth above. An eligible business organization requesting approval to operate as a type (1a) or (1b) firm which was previously registered as any other type firm must first submit the financial information required for approval as a type (1a) or (1b) firm as specified above.

The Exchange may in its discretion grant temporary approval in the case of changes in registration necessitated by reorganization of firms currently registered with the Exchange.

Upon receipt of an application for new firm registration for an eligible business organization, the Secretary shall, within fifteen days thereafter, make available to the membership the name of the eligible business organization, and shall post the same information on the bulletin board for a period of at least ten days after such notification to the Membership.

No member may register his or her membership for more than one eligible business organization.

No member may register his or her membership for any eligible business organization under the Rules of this Exchange, where such membership is or becomes delegated under the provisions of Rule 221.00.

An eligible business organization which has been conditionally approved for member firm status shall have six (6) months after the date that it was notified of such approval, or within such extension of said period as may be granted by the Exchange, to satisfy any conditions or contingencies imposed on such approval. If the conditions or contingencies are not satisfied by the applicable deadline, the Committee's approval of the eligible business organization for member firms status shall be deemed void. 1060 (09/01/02)

230.03 Designated Persons -

(a) Subject to approval by the Association, which approval is in the absolute discretion of the Association, each eligible business organization ("member") of the Association shall designate one or more senior managerial employees responsible for the member's financial, compliance, operational and ultimate supervisory obligations and activities as a member. Such individuals must either: (i) have a membership registered on behalf of the member, or (ii) be registered with the Association by the member as a "Designated Person". A Designated Person shall be subject to the Rules and Regulations of the Association as if a member; provided, however, that a Designated Person shall not be liable for the actions and/or omissions of other employees, agents or independent contractors if the member of the Designated Person demonstrates to the satisfaction of the Association that all of his or her relevant conduct on behalf of the member was performed in good faith with reasonable care.

(b) Any individual not a registered member or Designated Person or nonmember eligible business organization which holds more than a 25% financial interest in a member eligible business organization ("member") or who exercises actual control over the management of the member may, at the Association's sole discretion, be required to execute a Consent to Jurisdiction in such form as may be prescribed by the Association. Upon the member's request, the Membership and Financial Compliance Committees may exempt individuals and/or eligible business organizations from this requirement for good cause shown. (04/01/98)

230.04 Cooperative Association of Producers - A lawfully formed and conducted cooperative association of producers having adequate financial responsibility, engaged in any cash commodity business, conforming to the following requirements:

FIRST: The Cooperative Association must have not less than 75 per centum of the voting capital stock or membership capital, in good faith owned and controlled, directly or indirectly by producers of agricultural products;

SECOND: The Cooperative Association, if organized without capital stock, shall not allow a member of the Cooperative Association more than one vote, or if organized with capital stock, the Cooperative Association shall not pay dividends on any class of capital stock in excess of 8 per cent per annum cumulative;

THIRD: The Cooperative Association shall not, during any fiscal year, deal in the products of non-members of the Cooperative Association to an amount greater in value than such as is handled by it for members of the Cooperative Association;

FOURTH: The Cooperative Association, not more frequently than semi-annually, may pay out of its accumulated or current earnings and savings, patronage dividends to members of the Cooperative Association only and upon the basis of business transacted with such members for the period covered by transactions in which such earnings and savings have accrued; and

FIFTH: The Cooperative Association, if organized under the Cooperative Laws of any state, or recognized as a cooperative association of producers by the United States Government, or any agency thereof;

may be a member firm of the Association with respect to all contracts and may be entitled to do business in cash grain on the Floor, by virtue of a membership held in the name of one of its duly authorized representatives and registered under Rule 230.00 on behalf of the cooperative association. A member who desires to designate such a cooperative association of producers for that purpose shall make application to the Membership Committee, giving therein such information as may be requested

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(Rule 230.00). Such designation may be terminated at any time by the Board, or by such member with the written approval of the Exchange. A cooperative association of producers shall be subject to all requirements and prohibitions contained in the Rules and Regulations applicable to members (except as may be exempted by the Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission issued thereunder) and in such cases the member shall be subject to discipline and the membership subject to sale by the Board for the acts or delinquencies of the cooperative association. 1062 (04/01/98)

230.05 Registration for Trading on the Floor in Cash Grain - An eligible business organization may be entitled to trade in cash grain in its own name if one of its managerial employees, a member of the Association, has registered his or her membership for the eligible business organization in accordance with Rule 230.00 and Regulation 230.02. 1061 (04/01/98)

230.06 Eligible Business Organization Status Upon Death or Withdrawal of Registered Member - Upon the death or withdrawal of a member whose membership is registered on behalf of an eligible business organization, where such death or withdrawal would result in failure of the eligible business organization to meet the requirements of Rule 230.00, Rule 703.00, Regulation 230.02 or Regulation 230.05, the Exchange may, upon application of the registered eligible business organization, grant the eligible business organization an extension of privileges under the applicable Rules and Regulations for such period and under such conditions as the Exchange may fix. Upon the death or withdrawal of a member whose membership is registered on behalf of an eligible business organization, the eligible business organization shall, within five business days of such death or withdrawal, notify the Exchange of the departure of its registered member. Failure to comply with the provisions of this Regulation shall be referred to the Business Conduct Committee, for possible disciplinary action pursuant to Rule 540.00. 1063 (04/01/98)

230.07 Primary Clearing Member Permission for Member Registration - A member may register his or her membership for an eligible business organization under Rule 230.00, if that eligible business organization is not his or her Primary Clearing Member, only if he or she has written permission to do so from his or her Primary Clearing Member. Such written permission of the Primary Clearing Member must be filed with the Member Services Department. (04/01/98)

230.08 Doing Business in Firm (or Trade) Name - No member may conduct business with the public as a partnership under a firm name unless the partnership has at least one general partner other than such member; provided, however, that if by death or otherwise, the member becomes the sole general partner of the firm, he or she may continue business in the firm name for such period as may be allowed by the Exchange. 1070 (04/01/98)

230.09 Formation of Partnerships or Limited Liability Companies - When a member intends to form a partnership or admit other individuals to an existing partnership, he or she shall notify the Secretary in writing to that effect. On receipt of such notice from a member, the Secretary shall cause the same to be posted upon the bulletin board of the Association. A member shall promptly notify the Secretary of the retirement of any partner from the member firm partnership or of the dissolution of such partnership.

When a member intends to form a limited liability company or admit other individuals to an existing limited liability company, he or she shall notify the Secretary in writing to that effect. On receipt of such notice from a member, the Secretary shall cause the same to be posted upon the bulletin board of the Association. A member shall promptly notify the Secretary of the retirement of any other member from the member firm limited liability company or of the dissolution of such limited liability company. (04/01/98)

230.10 Suspended or Insolvent Members - A member shall not form a partnership or limited liability company nor, unless permitted by the Regulatory Compliance Committee, continue in a partnership or limited liability company with any of the following:

- (a) A member whose membership privileges have been suspended by the Association;
- (b) Any person who has been expelled from the Association as permitted by Rule 560.00;
- (c) An insolvent person; or
- (d) Any previous member of the Association against whom any member holds a claim which

arises out of transactions made during the time of such membership and which have not been released or settled. (04/01/98)

230.11 Discipline of Partners or Members of Limited Liability Companies - A member of the Association who is a general partner of a member firm of the Association is liable to the same discipline and penalties for any act or omission of said firm as for his or her own personal act or omission, but the Regulatory Compliance Committee may, in its discretion, by a vote of not less than two-thirds of its members present, relieve him or her from the penalty therefor.

A member of the Association who is also a member of a limited liability company which is a member firm of the Association is liable to the same discipline and penalties for any act or omission of said firm as for his or her own personal act or omission, but the Regulatory Compliance Committee may, in its discretion, by a vote of not less than two-thirds of its members present, relieve him or her from the penalty therefor. 1076 (04/01/98)

230.12 Dissolution of Partnership or Limited Liability Company - Whenever it shall appear to the Regulatory Compliance Committee that a member has formed a partnership or limited liability company or has become an officer, employee, or stockholder of a corporation or established an office or headquarters or is individually, or through any member of his or her firm, interested in a partnership or other business organization, or has formed any business connection whatever whereby the interest or good repute of the Association may suffer, the Regulatory Compliance Committee may require the dissolution of any such partnership or limited liability company or discontinuance of such business office, or headquarters, or business connection as the case may be. (04/01/98)

230.13 Relations Controlling Policy - Whenever it shall appear to the Regulatory Compliance Committee that a member individually or through his or her firm or a partner or partners therein, has such a business connection with a corporation or other business organization that the corporation or other business organization dominates the business of the member or firm or controls the policy of such business, the Regulatory Compliance Committee may require the discontinuance of such business connection. (04/01/98)

230.14 Delegation of Approval Authority - The Chairman of the Membership Committee, or a member of the Membership Committee who has been designated by the Membership Committee Chairman or the Member Services and Member Firm Staff Services Department upon delegation by the Chairman, will have the authority to approve the application of a Full or Associate Member to register his or her membership for an eligible business organization under Rule 230.00 and the regulations thereunder; provided that the eligible business organization is currently registered in accordance with Rule 230.00. The power to deny such applications is expressly reserved to the Regulatory Compliance Committee. With respect to firm-owned Full and Associate Memberships under Regulation 249.01(b), the Chairman of the Membership Committee or a member of the Membership Committee who has been designated by the Membership Committee Chairman may determine that such memberships are needed by the registered eligible business organization to carry out its business at the Association.

For the purpose of this regulation, the Chairman may not delegate approval authority to the Member Services and Member Firm Staff Services Department when the applicant has answered affirmatively to any question in the "Disciplinary Action" section of the Member Firm Registration application. (12/01/98)

230.15 Financial Requirements - (See Reg. 285.05) (04/01/97)

230.16 Designated Liaison - An eligible business organization registered as a member firm of this Association under Rule 230.00 and Regulation 230.02 is required to designate a specific managerial employee as liaison to the Exchange. This designated liaison will be responsible for ensuring the firm's compliance with and understanding of the Exchange's Rules and Regulations, and must have a command of the English language. This designated liaison must have a membership registered for the eligible business organization. (04/01/98)

230.17 Changes in Organization - Any change in the organizational structure of a member firm requires the Exchange's prior approval. Organizational changes shall include, but not be limited to: i) a corporation, limited liability company, general partnership, limited partnership or sole proprietorship

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which changes to another form; or ii) replacement of any general partner or member of any limited liability company. Any failure to comply with this Regulation and any such change in organizational structure that does not comply with the requirements to be a member firm shall be referred to the Business Conduct Committee for possible disciplinary action pursuant to Rule 540.00. The Exchange may grant the member firm a period of time in which to come into compliance with the requirements for member firm status. The Business Conduct Committee may also determine whether such a member firm is entitled to member transaction fees for any time period in which the firm fails to comply with requirements. (04/01/98)

231.00 Ownership and Registration of Associate Memberships - With the approval of the Membership Committee ownership of title and value of an Associate membership of an individual, approved under Rules 200.00, 201.00, 159.00, and 202.00, may be vested in an eligible business organization registered in accordance with Rule 230.00 provided that all of the provisions of Regulation 249.01 - Transfer of Membership - are complied with, where applicable.

Associate memberships may be registered on behalf of an eligible business organization pursuant to Rule 230.00. 875 (04/01/98)



## Ch2 Assessments and Fees

240.00 Assessments - The Board, prior to the Annual Meeting and quarterly thereafter during each year, shall levy upon the membership such assessments as it may deem necessary or advisable to meet any anticipated operating deficit of the ensuing quarter and any actual deficit of the preceding quarter and such assessment as the Board may deem necessary or advisable to meet any capital expenditures of the ensuing quarter, including the retirement of mortgage indebtedness encumbering the Board of Trade Building. It shall be the duty of the President to prepare and submit to the Board, in advance of the meeting at which any such assessment is levied, a detailed budget showing the deficit, if any, for the preceding quarter and the amount of each such assessment proposed to be levied. Each such quarterly assessment shall be billed to the members as near the beginning of the quarter as may be practicable and shall become due and payable within thirty days after such billing. 108 (08/01/94)

241.00 Members in Military Service - The Board shall have authority to remit the assessments of a member during the period in which such member is in the military service of the United States, as such service is defined in the Soldiers' and Sailors' Civil Relief Act of 1940, as passed by Congress and as it may be amended. 108B (08/01/94)

241.01 Dues of Members in Military Service - In accordance with the authority granted the Board under the provisions of Rule 241.00 no assessment of a member shall be remitted under Rule 241.00 except under the following conditions:

1. Each petition for the benefits of Rule 241.00 will be considered on its merits.
2. No petition will be considered unless accompanied with funds sufficient to pay all dues up to and including the full month in which the Board acts on the request.
3. No petition will be approved unless the petitioner became a member of the Association prior to January 1, 1953.
4. When a petition is granted the member is required to notify the Secretary promptly of the termination of his military service. 1844A (08/01/94)

242.00 Neglect to Pay Assessment - Any member who neglects to pay his assessment, or installments thereof, within thirty days after such assessment, or installments thereof, has been called for payment may be suspended until such assessment, or installments thereof, is paid. If a member neglects to pay such assessment, or installments thereof, during a period of six consecutive months, his membership (a) may be disposed of by the Board; (b) or may be forfeited and cancelled by the Board. 109 (08/01/94)

243.00 Transfer Fees - No transfer of membership may be consummated unless the transferee pays to the Association a transfer fee. The amount of this fee is established from time to time, by the Board of Directors. The transfer fee so collected shall be used to purchase, retire or redeem indebtedness to finance improvements to the Board of Trade Buildings or to pay the cost of such improvements. The transfer fee described in this Rule 243.00 shall not apply when the transferor is the estate of a deceased member or membership interest holder and the transferee is the decedent's spouse or the decedent's child. 111 (07/01/98)

243.01 Sale and Transfer of Membership Privileges - Each individual submitting an application for membership shall include with the application a non-refundable application fee established by the Board. The application fee described in this Regulation 243.01 shall not apply when the applicant is the spouse or the child of a deceased member or membership interest holder. The application fee will also not apply when a deceased member or membership interest holder's membership or membership interest is held in trust pursuant to Regulation 249.01(i), the applicant is the spouse or the child of the decedent, and under the terms of the trust, the applicant is the successor trustee to the deceased member or membership interest holder. 1807 (04/01/98)

Ch2 Purchase and Sale or Transfer of Membership or Membership Interest

249.01 Purchase and Sale or Transfer of Membership or Membership Interest -  
Membership status in this Association is a personal privilege, not subject to  
sale or transfer except as herein authorized.

(a) Purchase and Sale of Memberships and Membership Interest by Individuals -

- (i) When an individual wishes to sell his full or associate membership or  
membership interest, he shall sign an offer to sell including an offer  
price, in such form as shall be prescribed by the Exchange.

When an offer is matched to a bid, the member or registered eligible  
business organization may receive the sale proceeds prior to the  
expiration of the claims period or the resolution of any claims by  
depositing treasury bills with the Association, equivalent to the sale  
price of the membership or membership interest. All amounts deposited  
shall be available, without restriction, to satisfy claims against the  
departing member or the registered eligible business organization  
under this Chapter. In lieu of a deposit, the member or registered  
eligible business organization may file a clearing firm guaranty,  
letter of credit, or such other form as the Association may permit,  
equivalent to the sale price of the membership or membership interest,  
for the satisfaction of claims.

- (ii) Any individual who wishes to purchase a full or associate membership  
or membership interest subsequent to his approval for a particular  
membership status shall execute and deliver to the Department of  
Member Services a bid to purchase such membership or membership  
interest, in such form as may be prescribed by the Exchange. The bid  
shall be accompanied by a certified or cashier's check representing an  
earnest money deposit in the amount of fifteen percent of the bid, by  
an irrevocable letter of credit in the amount of fifteen percent of  
the bid, or by an agreement on a form prescribed by the Exchange and  
executed by a clearing member of the Association as provided in this  
section (ii).

Any individual who wishes to purchase a full or associate membership  
or membership interest prior to his approval for a particular  
membership status shall execute and deliver to the Department of  
Member Services a bid to purchase such membership or membership  
interest, in such form as may be prescribed by the Exchange. The bid  
shall be accompanied by a check in the amount of the applicable  
transfer fee. The bid shall also be accompanied by a certified or  
cashier's check in the amount of such bid or by an agreement on a form  
prescribed by the Exchange and executed by a clearing member of the  
Association which shall provide that in the event the prospective  
purchaser's bid is matched to an offer, as provided in section (iii)  
below, and the prospective purchaser fails to make payment in the  
amount of his bid by 5:00 p.m. of the next business day following the  
day on which he was notified by the Department of Member Services that  
his bid was matched to an offer, such clearing member shall purchase  
the membership or membership interest in question for the full amount  
of such bid.

The bid shall contain an agreement by such individual to take no  
recourse against the Association in the event he is not approved for  
membership, except as may be permitted under Section 8c of the  
Commodity Exchange Act as amended and a release of the Association of  
any claim or right that such individual would otherwise have had by  
reason of such failure to be so elected. The bid also shall contain an  
agreement by such individual that he or she consents to and accepts  
the Exchange's jurisdiction with respect to any disciplinary action or  
other matter within the purview of any Exchange committee from the  
date of purchase of a membership or membership interest until the date  
the individual is approved for membership status or, if such  
individual fails to be approved for membership status, until the date  
of a sale of the membership or membership interest is effected in  
accordance with this regulation. With respect to the purchase of a  
membership which will be registered pursuant to Rule 230.00 for the  
benefit of an eligible business organization which is not currently a  
member firm, a consent to jurisdiction also must be executed on behalf  
of the firm. The consent to jurisdiction shall expressly state that  
the Exchange may hold the membership or membership interest pending  
the disposition of any proceeding before any Exchange Committee and  
apply the proceeds from the sale of the membership or membership  
interest toward the satisfaction of any decision that may be rendered  
against the individual or firm.

Nothing herein shall be construed in any way to limit the Exchange's jurisdiction over all individuals and firms which have been approved for membership. If any purchase of a membership or membership interest is being financed by a person other than the purchaser, such purchaser shall file satisfactory proof as required by the Department of Member Services that the financing party is aware of the provisions of this Regulation and Rule 252.00.

- (iii) The Department of Member Services shall post continually on the Bulletin Board the lowest offer to sell and the highest bid to buy full and associate memberships and membership interests, respectively. In the event of a match between any such bid and offer, the Department of Member Services shall notify the purchaser and the seller. In the event there are two bids and/or two offers in the same amount, the oldest offer shall be matched to the oldest bid. Title and value of the membership or membership interest shall be transferred to the purchaser upon payment being effected in the full amount of the bid.

In the event that the prospective purchaser fails to make payment in the amount of his bid by 5:00 p.m. of the next business day following the day on which he was notified by the Department of Member Services that his bid was matched to an offer, the clearing member who has executed an agreement to purchase the membership or membership interest as provided in section (a) (ii) of this Regulation shall make payment in the full amount of the bid by 5:00 p.m. of the business day following the day upon which payment was due from the prospective purchaser. Upon becoming the owner of the title and value of the membership or membership interest, the clearing member shall either sell or transfer the membership or membership interest or cause the membership or membership interest to be registered on its behalf in accordance with Rule 230.00 of these Rules and Regulations.

Failure to fulfill the obligations set forth in said agreement shall constitute acts detrimental to the interest and welfare of the Association.

Within ten (10) business days of notice to the purchaser by the Department of Member Services that his or her bid has been matched to an offer, each purchaser of a full or associate membership who is not a full or associate member in good standing, and each purchaser of a membership interest who is not a full or associate member, membership interest holder or nominee thereof, or delegate in good standing, shall file with the Department of Member Services an application for the appropriate membership status, in such form as may be prescribed by the Exchange, in order to be eligible for approval for membership status. Such form shall include an agreement by the applicant to take no recourse against the Association in the event he or she is not approved for a particular membership status, except as may be permitted under Section 8c of the Commodity Exchange Act as amended and a release of the Association of any claim or right that such individual would otherwise have had by reason of such failure to be so elected. No person may exercise the rights of a particular membership status until he or she is approved for such membership status in accordance with these rules.

- (iv) If a purchaser of a membership or membership interest fails to file an application with the Department of Member Services as required in paragraph (iii) above, is not approved for membership status, or if for any reason his application is withdrawn, the Exchange shall retain the transfer fee and the purchaser shall assume all risk of gain or loss from the resale of the membership or membership interest purchased by him. The purchaser shall take all necessary steps to effect a sale of the membership or membership interest purchased by him within thirty (30) days of notification of his failure to be approved for membership status, withdrawal of his application, or the purchase of the membership or membership interest if he failed to file an application.
- (v) If the purchaser fails to effect a sale within the time period specified in paragraph (iv) above, the Department of Member Services shall effect a sale at the price of the highest bid to purchase then on file with the Department of Member Services on the next business day following the thirtieth (30) day after notification of his failure to be approved for membership status, withdrawal of his application, or the purchase of the membership or membership interest if he failed to file an application. If on the next business day following the thirtieth day after such notification, withdrawal, or purchase if he failed to file an application, there is no bid to purchase on file with the Department of Member Services, the membership or membership

interest shall be offered for sale by the Exchange at the same price as the lowest offer to sell then on file with the Department of Member Services. Such offer shall be matched with a bid in accordance with Regulation 249.01(a)(iii). The total amount realized from the sale of the membership or membership interest shall be remitted to the unsuccessful applicant in full satisfaction of all obligations of the Association, subject to Exchange Rule 252.00.

- (vi) An individual whose offer to sell his only membership or membership interest has been accepted by a purchaser, shall not make any Exchange contracts after the date of such consummation of the transfer.

An individual whose membership or membership interest status was terminated through a sale in accordance with this paragraph (a), and who was a member or membership interest holder in good standing, not subject to any Exchange investigation, charges, suspension or disciplinary action at the time of such sale, shall remain eligible, for a period of six (6) months following such sale, to purchase another membership or membership interest under the provisions of this paragraph (a), to be the transferee of a membership or membership interest pursuant to subparagraphs 249.01(b)(c) or (d) or to become a delegate, in accordance with provisions of Regulation 202.01. The Exchange may, in its discretion, grant extensions to this six (6) month approval period.

(b) Transfer by registered eligible business organization

- (i) With the approval of the Membership Committee, ownership of the title and value of a full or associate membership of an individual, approved under Rules 200.00, 201.00, 159.00 and 202.00 may be vested in an eligible business organization registered in accordance with Rule 230.00 provided that (i) the approved individual is a managerial employee as that term is defined in Rule 230.00 of such registered eligible business organization; (ii) the managerial employee's membership is registered for such eligible business organization; and (iii) the Membership Committee determines that such membership is needed by the registered eligible business organization to carry on its business at the Association. Additionally, with the approval of the Membership Committee, a registered eligible business organization may own GIM, COM and IDEM membership interests on behalf of individual nominees who are full-time employees of such firm in accordance with the provisions of Rules 291.00, 292.00 and 293.00. In such circumstances, all rights and responsibilities of membership shall remain the exclusive personal privilege of the approved individual, except that the registered eligible business organization shall be entitled to transfer such membership or membership interest, and to receive the net proceeds from transfer of such membership or membership interest after satisfaction of all claims against the approved individual, or against the registered eligible business organization, in accordance with Rules 252.00 and 253.00 of this Chapter.
- (ii) A registered eligible business organization owning the title and value of a full membership, associate membership, or membership interest may transfer said membership or membership interest to another approved individual who is also a managerial employee of the eligible business organization, by delivering to the Department of Member Services a report of intention to transfer upon such form as shall be prescribed by the Exchange. In addition, with respect to the transfer of a full or associate membership, the firm must deposit with the Department of Member Services an amount equal to the weighted average of all full or associate membership sales for the preceding calendar month, as appropriate. With respect to the transfer of a membership interest, the firm must deposit the greater of \$50,000 or an amount equal to the weighted average of all GIM, COM or IDEM sales, for the preceding calendar month, as appropriate. Such amount may be deposited in cash, treasury bills, or such other form as the Association may permit. All amounts deposited shall be available, without restriction, to satisfy claims against the departing approved individual or against the registered eligible business organization under this Chapter. In lieu of a deposit, a firm may file a clearing firm guaranty for the satisfaction of claims in an amount that accords with the formulas set forth in this sub-paragraph. Should the departing approved individual be leaving the employ of the member firm, the application for membership or transfer documents of the transferee must be submitted to the Association within thirty (30) days from the termination date of the departing approved individual. The Exchange may, in its discretion, grant extensions of this 30 day approval period. No such extension shall exceed 60 days total length for any individual.

- (iii) Nothing herein shall preclude or impair the right of the Exchange to impose discipline upon the registered eligible business organization, or upon the approved individual, or to dispose of the membership or membership interest of any approved individual, for the acts or delinquencies of the registered eligible business organization, or for the acts or delinquencies of the approved individual, in accordance with the Rules and Regulations of the Association.
- (iv) An approved individual whose only remaining membership or membership interest has been transferred in accordance with this paragraph (b) shall not make any Exchange contracts after the date of such transfer.
- (v) In the event that a registered eligible business organization owning the title and value of a full or associate membership or membership interest is acquired by another registered eligible business organization through the purchase of 100% of the partnership or limited liability company property or corporate stock, the acquiring eligible business organization may transfer said membership or membership interest to another approved individual who is a managerial employee of the acquiring eligible business organization by complying with the procedures set forth in sub-paragraph (ii), hereof.

A registered corporation that owns the title and value of a full or associate membership or member interest may transfer said membership or membership interest to another approved individual who is a managerial employee of its wholly-owned registered subsidiary corporation or its registered parent partnership or corporation which owns 100% of its stock, or a sister corporation that is 100% owned by the parent entity, by complying with the procedures set forth in sub-paragraph (ii), hereof. A registered partnership that owns the title and value of a full or associate membership or membership interest may transfer said membership or membership interest to another approved individual who is a managerial employee of its wholly-owned registered subsidiary or a sister entity that is 100% owned by the parent entity, by complying with the procedures set forth in sub-paragraph (ii), hereof. A registered limited liability company that owns the title and value of a full or associate membership or membership interest may transfer said membership or membership interest to another approved individual who is a managerial employee of its wholly-owned registered affiliate or a sister affiliate that is 100% owned by the parent entity by complying with the procedures set forth in sub-paragraph (ii), hereof. Each such transfer of a GIM Membership Interest shall count toward the two transfers specified in Rule 296.00 (2).

- (vi) The parties to the transfer set forth in sub-paragraph (ii) of this paragraph may elect not to deposit a sum of money or file a clearing firm guaranty agreement as provided therein, in which case the transferee shall, for a period of time equal to that set forth in paragraph (e) of this Regulation, be ineligible to exercise any of the rights and privileges of the transferred membership or membership interest and, during this time and no other, all claims as set forth in sub-paragraph (ii) of this paragraph against the transferor shall be filed. If such claims are filed the transferee shall remain ineligible until the claims are satisfied or otherwise disposed. In order to satisfy claims set forth in sub-paragraph (ii), which have been properly filed and allowed by the Association, as provided by the Rules and Regulations, the transferred membership or membership interest may be sold by the Association. In the event of such sale and after the claims have been paid, the remaining surplus, if any, of the proceeds of sale shall be paid to the registered eligible business organization upon execution by it of a release which is satisfactory to the Association. In order to preclude the sale of the membership or membership interest by the Association for the satisfaction of claims, and for the transferee to become immediately eligible to exercise the rights and privileges of the transferred membership or membership interest, the registered eligible business organization may, in the alternative, deposit a sum of money or file a clearing firm guaranty as provided in sub-paragraph (ii) hereof.
- (vii) An approved individual whose membership or membership interest status was terminated through a transfer in accordance with this paragraph (b), and who was a member or membership interest holder in good standing, not subject to any Exchange investigation, charges, suspension or disciplinary action at the time of such transfer, shall remain eligible, for a period of thirty (30) days following such transfer, to purchase another membership or membership interest under the provisions of this paragraph (a) or to be the transferee of a membership or membership interest pursuant to subparagraphs 249.01 (b) (c) or (d) in accordance with provisions of Regulations 202.01 and/or 230.18, as applicable. The

Exchange may, in its discretion, grant extensions of this 30 day approval period. No such extension shall exceed 60 days in total length for any individual.

(c) Transfer by member under loan agreement -

- (i) Whenever, under the Rules and Regulations, a registered eligible business organization is required to register a certain number of full or associate memberships or is required to maintain memberships for other purposes, such eligible business organization may execute with an employee, approved for membership under this Chapter, a loan agreement in such form as the Association may prescribe, advancing to such employee the cost of membership and providing for the enforced repayment of such advance. The employee may transfer his membership to another employee of the same registered eligible business organization, approved for membership under this Chapter, upon the deposit with the Department of Member Services of an amount equal to the sum specified in sub-paragraph (ii) of paragraph (b) of this Regulation. All amounts so deposited shall be available, without restriction, to satisfy claims under this Chapter. Should the transferor be leaving the employ of the registered eligible business organization, the application for membership of the transferee must be submitted to the Association within thirty (30) days from the termination date of the transferor.
- (ii) Transfer under this paragraph (c) except as provided in sub-paragraph (i) hereof, shall be governed by the provisions of paragraph (a) of this Regulation.

(d) Transfer within family -

- (i) It shall be permissible, under the Rules and Regulations, to transfer a full or associate membership or membership interest between members of the same family (a spouse, parent, child, grandparent, or grandchild), or a decedent's membership or membership interest within the same family, provided such transferee is approved for the appropriate membership status under this Chapter and a clearing firm guaranty is filed, or sum of money as described in paragraph (b) is deposited with the Department of Member Services in order to satisfy claims.
- (ii) The parties to the transfer may elect not to deposit a sum of money as provided in paragraph (b), in which case the transferee shall, for a period of time equal to that set forth in paragraph (e) of this Regulation, be ineligible to exercise any of the rights and privileges of the transferred membership or membership interest, and during this time and no other, all claims against the transferor shall be filed. If such claims are filed the transferee shall remain ineligible until the claims are satisfied or otherwise disposed. In order to satisfy claims against the transferor, which have been properly filed and allowed by the Association, as provided by the Rules and Regulations, the transferred membership or membership interest may be sold by the Association. In the event of such sale and after the claims have been paid, the remaining surplus, if any, of the proceeds of sale shall be paid to the transferee, or his legal representative, upon execution by him of a release which is satisfactory to the Association. In order to preclude the sale of the membership or membership interest by the Association for the satisfaction of claims, and to become immediately eligible to exercise the rights and privileges of the transferred membership or membership interest, the transferee may, in the alternative, comply with the provisions of sub-paragraph (i), hereof.
- (iii) Transfer under this paragraph (d), except as provided in sub-paragraph (i) and (ii) hereof, shall be governed by the provisions of paragraph (a) of this Regulation.

(e) Notice of membership sale or transfer and filing claims -

- (i) On the first and sixteenth calendar day of each month (or if the first or sixteenth is not a business day on the following business day ("notice days")), the Secretary shall post on the bulletin board located on the Exchange floor a notice listing each sale or transfer of a membership, each termination or expiration of a delegation agreement, each termination of an individual member registration and each termination of a member firm registered in accordance with the provisions of Rule 230.00 that occurred during the period beginning on the preceding notice day and ending on the business day preceding the current notice day. The Secretary shall also make this information available to the membership. The last day for filing claims pursuant to Rule 253.00 against the proceeds of the sale or

transfer of a membership, the termination of an individual member registration, a termination of a member firm or pursuant to Rule 221.00 (c) (2) against a delegate whose delegation agreement has terminated or expired is the business day immediately preceding the notice day that follows the notice day on which the Secretary posts a notice on the bulletin board announcing such sale or transfer or such termination or expiration of a delegation agreement. The Exchange shall hold the proceeds from the sale or transfer of a membership until such time as the relevant claims period has run and/or any disputed claims have been resolved.

- (ii) Upon the effective date of sale or transfer of an individual's sole membership, all Exchange contracts of the seller or transferor shall mature, and if not settled, shall be closed out as in the case of insolvency, unless the same are assumed or taken over by another member of the Association.
- (iii) The name of a member whose membership or membership interest has been disposed of by the Board shall be posted as in the case of a voluntary sale and such posting shall have the same effect in respect to open contracts and unmatured debts and obligations of the former member as in the case of a voluntary sale.

(f) Sale by Legal Representative -

- (i) The membership or membership interest of a deceased member or membership interest holder may be sold pursuant to an offer to sell executed by the executor, administrator or other duly qualified and appointed legal representative of his estate.
- (ii) The full or associate membership or membership interest of a member or membership interest holder who has been adjudicated incompetent may be sold pursuant to an offer to sell executed by his duly appointed guardian, conservator or other duly qualified legal representative.

(g) Indirect Exchange of Memberships -

- (i) A member may exchange an associate membership for a full membership (an "AM Swap"), a full membership for an associate membership (an "FM Swap"), a GIM membership interest for an associate membership (a "GIM to AM Swap"), a GIM membership interest for a full membership (a "GIM to FM Swap"), a com membership interest for an associate membership (a "COM to AM Swap"), a COM membership interest for a full membership (a "COM to FM swap") a COM membership interest for an IDEM membership interest (a "COM to IDEM Swap") an IDEM membership interest for an associate membership (an "IDEM to AM swap"), an IDEM membership interest for a full membership (an "IDEM to FM swap") or an IDEM membership interest for a COM membership interest (an "IDEM to COM Swap"), by signing an offer to exchange in such form as shall be prescribed by the Exchange. The offer to exchange shall specify the category of membership being relinquished (the "relinquished membership"); the category of membership the exchanging member wishes to acquire (the "replacement membership"), and the "Price Differential" at which the exchange is to be effected (as described below).

The offer to exchange shall be accompanied by: (1) In the case of an AM, GIM to AM, GIM to FM, COM to AM, COM to FM, IDEM to AM or IDEM to FM Swap, a certified or cashier's check in the amount of the Price Differential, or an agreement of a clearing member of the Association as described in section (a)(ii) of this Regulation; and (2) an agreement of a clearing member of the Association to pay to the Association in cash upon demand the amount of any assessments or claims against the exchanging member's relinquished membership according to Rule 252.00 up to the value of the relinquished membership at the time the exchange is accepted. For this purpose, the value of the relinquished membership will be the bid price for such membership. In the case of a COM to IDEM Swap or an IDEM to COM Swap, the offer to exchange shall be accompanied by a certified or cashier's check in the amount of the Price Differential, or an agreement of a clearing member of the Association as described in section (a)(ii) of this Regulation if the value of the relinquished membership exceeds the value of the replacement membership. For the purpose of preceding sentence, the value of the relinquished membership will be the bid price of such membership and the value of replacement membership shall be the offer price of such membership.

- (ii) The Department of Member Services shall post continually on the Bulletin Board the highest Price Differential for AM, GIM to AM, GIM to FM, COM to AM, COM to FM, COM to IDEM, IDEM to AM, IDEM to FM and IDEM to COM swaps, and the lowest Price Differential for FM swaps. In the event there are two or more AM swaps, two or more FM swaps, two or more GIM to AM Swaps, two or more GIM to FM Swaps, two or more COM to AM Swaps, two or more COM to FM Swaps, two or more IDEM to AM swaps, two or more IDEM to FM Swaps, or two or more COM to IDEM Swaps (or IDEM to COM Swaps) offered at the same Price Differential, the oldest offer shall be listed first.

(iii) The Department of Member Services shall notify an exchanging member that the member's offer to exchange has been accepted when (1) the difference between the bid price for



memberships in the category of the relinquished membership and the offer price for memberships in the category of the replacement membership equals (2) the Price Differential for the offer to exchange. Upon notification of acceptance of the offer to exchange, the Department of Member Services shall cause the Association to acquire the relinquished membership from the exchanging member, sell the relinquished membership at its bid price, acquire the replacement membership at its offered price, and transfer the replacement membership to the exchanging member. The exchanging member shall pay the applicable transfer fee not later than 5:00 p.m. of the first business day following acceptance of the offer to exchange.

- (iv) If, prior to acceptance of an offer to exchange, the posted Price Differential for AM Swaps matches the posted Price Differential for FM Swaps, the Department of Member Services will notify the respective members and will effect a direct exchange of their memberships according to paragraph (h) below.
- (v) Title and value of the relinquished membership shall pass to the Association, and title and value of the replacement membership shall be transferred to the exchanging member, upon notification by the Association that the exchange offer has been accepted.
- (vi) The proceeds from the sale of the relinquished membership shall be applied to payment for the replacement membership. Any excess proceeds shall be applied in the manner specified in Rule 252.00 to satisfy assessments and claims against the relinquished membership. The exchanging member shall only be entitled to the replacement membership and any excess proceeds (subject to application of Rule 252.00); in no event shall the exchanging member be entitled to demand receipt of the proceeds from the sale of the relinquished membership in lieu of receipt of the replacement membership.
- (vii) If the exchanging member in an AM, GIM to AM, GIM to FM, COM to AM, COM to FM, IDEM to AM, IDEM to FM COM to IDEM OR IDEM TO COM swap fails to make payment for the Price Differential by 5:00 p.m. of the next business day following the day on which the member was notified by the Department of Member Services that the member's offer to exchange was accepted, the exchanging member shall forfeit ownership of the title and value of the replacement membership and the clearing member who has executed an agreement to purchase the membership as provided in section (a) (ii) of this Regulation shall make such payment by 5:00 p.m. of the next business day following the day upon which payment was due from the exchanging member. Upon such payment, the clearing member shall be the owner of the title and value of the replacement membership. The clearing member shall either sell or transfer the replacement membership or cause the replacement membership to be registered on its behalf in accordance with Rule 230.00 of these Rules and Regulations. The clearing member shall account to the exchanging member for the portion of the replacement membership bid price paid from the proceeds from the sale of the relinquished membership.

Failure to fulfill the obligations set forth in said agreement shall constitute acts detrimental to the interest and welfare of the Association.

- (viii) The person who purchases the relinquished membership from the Association and the person who sells the replacement membership to the Association shall follow the procedures specified in section (a) or (b) of this regulation as applicable. Exchanges under this section (g), except as provided herein, shall be governed by the provisions of this Chapter.

(h) Direct Exchange of Memberships -

- (i) A member in good standing may transfer (1) an associate membership in direct exchange for a full membership of another member, (2) a full membership for an associate membership of another member, (3) a GIM membership interest for an associate membership of another member, (4) a GIM membership interest for a full membership of another member, (5) a COM membership interest for an associate membership of another member, (6) a COM membership interest for a full membership of another member, (7) an IDEM membership interest for an associate membership of another member, (8) an IDEM membership interest for a full membership of another member, (9) an IDEM membership interest for a COM membership interest of another member or (10) a COM membership interest for an IDEM membership interest of another member. The exchanging members shall jointly execute and deliver to the Department of Member Services an agreement of direct exchange in such form as may be prescribed by the Exchange and setting forth the agreed Price Differential between the memberships. The agreement shall be accompanied by (1) a check

from each member in the amount of the applicable transfer fee, (2) a certified or cashier's check for the Price Differential, and (3) for each member, an agreement of a clearing member of the Association to pay to the Association in cash upon demand the amount of any assessments or claims against the exchanging member's relinquished membership according to Rule 252.00 up to the value of the relinquished membership at the time the exchange is accepted. For this purpose, the value of the relinquished membership shall be the average of the posted bid and offer prices for such memberships; provided that if there is either no posted bid or no posted offer, the value shall be the price paid in the last sale of such memberships. Title and value of the memberships shall be transferred to the respective exchanging members upon notification from the Department of Member Services that it has accepted the exchange.

(ii) Exchanges under this section (h), except as provided herein, shall be governed by the provisions of this Chapter.

(i) Transfer to a Trust -

(i) A member or membership interest holder (collectively referred to as "member" under this section) or a member's personal representative (including his or her agent under a durable power of attorney) may transfer his or her membership(s) or membership interest(s) to a trust of which the member is a grantor, if: (1) while the member is living and competent, the member is the sole trustee of the trust, (2) the member retains the right to revoke the trust during his or her life, and (3) all beneficiaries of the trust are members of the grantor's family who would be eligible for a family transfer from the grantor pursuant to section (d) of this regulation.

(ii) A trust shall take the membership subject to all of the rules of the Exchange, including Rules 230.00 and 252.00; however, Rule 252.00 shall not apply to the transfer of a membership or membership interest to a trust wherein the member/grantor is the trustee. The transfer of a GIM membership interest to a trust wherein the member/grantor is the trustee shall not constitute a transfer under Rule 296.00(1).

(iii) The interests in the membership that inure to the beneficiaries of the trust shall be subject to all of the rules of the Exchange; the Exchange's rights with respect to the membership shall be superior to those of the beneficiaries; and the Exchange shall have no liability to the beneficiaries of the trust in the event of the mishandling of the trust assets by the trustee. The grantor and the trustee (and any successor) shall each provide in the form provided by the Exchange an acknowledgement that the trust takes the membership subject to all of the rules of the Exchange and that the trust is in compliance with the requirements of this regulation.

(iv) The trustee (and any successor), if not already a member, shall be required to qualify for membership and satisfy the requirements of Chapter 2 of these Rules and Regulations.

(v) The grantor's liability to the Exchange under Rule 209.00 shall continue with respect to any claim arising out of an act or omission occurring prior to such transfer, and the membership will continue to be treated as the asset of the grantor for the purposes of Rule 209.00 and for otherwise meeting any obligations to the Exchange arising out of the grantor's use of the membership prior to the transfer to the trust, including fines imposed with respect to conduct occurring prior to the transfer.

A membership or membership interest held in a trust of which the member/grantor is the sole trustee may be temporarily transferred, subject to the provisions of section (j) of this regulation, to an individual within the member/grantor's same family, as defined in section (d)(I) of this regulation.

(vi) A membership held in trust may not be registered for member firm privileges.

(vii) Subparagraph (vi) shall not apply to self-owned registered memberships, provided that the member demonstrates, to the satisfaction of the Association and before the membership is placed in trust, that the declaration of the trust into which the membership will be transferred incorporates by express reference the Rules and Regulations of the Association.

This subparagraph shall have no effect on the provision of Regulation 249.01(j)(iv) that prohibits the use of a membership that is the subject of a revocable intra-family transfer for

member firm privileges.

(viii) The transfer shall be revoked and the membership shall revert to the transferor upon official notice to the Exchange that the trust has been revoked.

(j) Notwithstanding the provisions of section (d) of this regulation pertaining to permanent family transfers, a member or membership interest holder may temporarily transfer his or her respective membership or membership interest to a member of his or her immediate family, as defined in section (d) (i) of this regulation, who shall be subject to all Exchange Rules and Regulations.

Transfers under this section shall be subject to the following terms and conditions:

(i) The transferor may revoke the transfer upon written notice to the transferee, and a copy thereof shall be filed by the transferor with the Member Services Department as a precondition to its effectiveness. The transferee shall remain approved for membership under the same conditions which are applicable in the event of a termination of a delegation agreement, as set forth in Rule 221.00(a).

(ii) The transfer shall be revoked and the membership or membership interest shall revert to the transferor's estate or conservator upon official notice of the death or formally declared incompetence of the transferor.

(iii) Upon election to membership, the transferee shall be treated as a member for all purposes, except that the transferee shall have no authority to sell, transfer or assign the membership or membership interest. The right to vote on all matters subject to a ballot vote among the general membership will remain with the transferor. A Full or Associate Member shall not be ineligible for elective office or committee appointments based on such member's having temporarily transferred his or her Full or Associate Membership pursuant to this section (j).

(iv) While a transfer under this section is in effect, the membership involved would not qualify the transferee for elective office and the membership may not be registered under Rule 230.00 for member firm privileges.

(v) The provisions of Rule 221.00(c) shall apply to the transferor and the transferee in the same manner that those provisions apply to a member and his delegate.

(vi) The transferor may sell or transfer the membership at any time in accordance with the provisions of this regulation. The family transfer shall automatically be null and void upon such a sale or transfer by the transferor. The proceeds of the sale of the membership will be distributed to the transferor following the settlement of all claims pursuant to Rule 252.00

(vii) The transfer of a GIM membership interest under this section shall not constitute a transfer under Rule 296.00(1).

(viii) In the case of a membership or membership interest held in trust pursuant to subsection (i), the trustee may transfer the membership or membership interest in accordance with the provisions of this subparagraph (j). The trustee shall have the rights, duties and obligations of a transferor as provided by this subsection (subject to the provisions of subsection (i)). Where the transferor is the trustee of a membership or membership interest held in trust pursuant to subsection (i), and either (1) the trustee revokes the transfer; (2) the settlor is officially declared dead or (3) the settlor is decreed to be legally incompetent by a court of proper jurisdiction, then the membership or membership interest shall automatically revert to the trustee. (10/01/02)

250.01 Sale and Transfer of Membership Privileges - A member or his legal representative desiring to sell his membership or membership interest shall deliver to the Department of Member Services a signed authorization of sale which is notarized or otherwise officially authenticated, or a telecopy thereof, in the form prescribed below. The authorization of sale shall contain a specific offer price. The member must also deliver to the Department of Member Services a signed consent to jurisdiction in a form prescribed by the Exchange before his authorization of sale will be accepted. With respect to the sale of a firm-owned membership, the consent to jurisdiction must be signed by the last member holding the membership and, if the sale would terminate the firm's member firm status, a consent to jurisdiction must also be executed on behalf of the firm. The consent to jurisdiction form provides that the member and, if applicable, the member firm, consents to and accepts the

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Association's jurisdiction with respect to any potential or current disciplinary matter of which the Association is aware or becomes aware prior to the distribution of proceeds and further that the Exchange may retain all of the proceeds from the sale of the member's seat pending the outcome of any disciplinary action. The following shall apply to persons elected to membership and to registered member firms for a period of five years after the termination of such individual's or firm's membership status. Each such individual and firm:

- Remains responsible for any violations of Exchange rules and regulations committed while a member or member firm; and
- Agrees to have any disputes which arose while a member or member firm and which relate to or arose out of any transaction upon the Exchange or membership in the Exchange, resolved in accordance with Exchange rules and regulations.

An individual wishing to purchase a membership or membership interest shall inform the Department of Member Services in such form as shall be prescribed by the Exchange of his desire to purchase a membership or membership interest. When the purchaser's bid has been matched with an offer to sell, the purchaser shall sign a confirmation of purchase and shall by 5:00 p.m. of the next business day following the day on which he was notified by the Department of Member Services that his bid was matched to an offer deposit with the Department of Member Services the balance, if any, owing on the purchase price on the membership or membership interest.

AUTHORIZATION OF SALE

To the Department of Member Services, -----20-----
Board of Trade of the City of Chicago

I hereby offer to sell my membership privilege on the Board of Trade of the City of Chicago for the sum of \$-----to any purchaser, and I authorize you to transfer my membership privilege to such purchaser upon his deposit of said purchase price with you and his payment of the transfer fee, it being understood that I shall pay all assessments up to the end of the quarter in which my membership is thus transferred. I have this date knowingly entered the date and offer price set forth above.

---Please check here if this offer revises and replaces a previous offer to sell your membership privilege.

I ACKNOWLEDGE THAT I AM PERSONALLY LIABLE FOR ANY DAMAGES THAT MAY RESULT IF THIS OFFER REVISES AND REPLACES A PREVIOUS OFFER AND I FAIL TO NOTE THIS BY CHECKING THE SPACE INDICATED ABOVE.

Social Security Number -----

Subscribed and sworn to before me on this ----- Day of -----,
20 -----

Notary Public

CONFIRMATION OF PURCHASE

Mr. -----, 20 -----

I hereby confirm my purchase of your membership privilege on the Board of Trade of the City of Chicago in accordance with Regulations 243.01 and 250.01 for the sum of \$\_\_\_\_\_, it being understood that I have paid to the Board of Trade of the City of Chicago the transfer fee of \$\_\_\_\_\_.

Signed in the presence of

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(01/01/00)

250.02 Memberships Held Under Regulation 249.01(b) - The title and value of a membership procured under Regulation 249.01(b) is owned by the registered eligible business organization acquiring it, but the personal privileges of that membership can only be exercised by one of the registered firm's managerial employees who has been approved by the Membership Committee. For that reason, the registered firm is allowed to designate a qualified individual to exercise the personal privileges of that membership. Any such designation can be terminated by the registered firm at any time. In that event, the individual's right to exercise the personal privileges of that membership terminates immediately and automatically. In the event that an individual wrongfully exercises any personal privilege of membership after termination, the registered firm shall remain responsible for that individual's liabilities and actions until written notice of the termination has been posted on the bulletin board. 1806 (04/01/98)

250.03 Power-of-Attorney - In connection with membership transfers and delegations, a power-of- attorney is permitted to be used only for the following functions;

1. To submit a bid to purchase a membership or membership interest.
2. To sign the membership register.
3. To execute, amend, terminate or file a delegation agreement. (08/01/94)

251.00 Membership Transfer - All purchases or sales of membership privileges shall be made pursuant to Regulations adopted by the Exchange and no commission or other compensation for services in connection with the purchase or sale of a membership in the Association shall be paid. 127 (08/01/94)

251.01 Member Under Investigation - No member may transfer his membership privilege by intrafamily transfer and no member firm may transfer a firm-owned membership from one member employee to another employee under Regulation 249.01(b), unless the approval of the Regulatory Compliance Committee is first secured, when the member is under investigation by any standing committee or by a special committee appointed under the provisions of Rule 541.00 or when charges are preferred against him or when he is under suspension for causes other than default, insolvency, or non-payment of assessments. 1835 (08/01/94)

252.00 Proceeds of Membership -

- (a) ORDER OF DISTRIBUTION. Upon any transfer of membership, whether made by a member voluntarily or by the Board, the proceeds shall be applied to the following purposes and in the following order of priority:
- (1) FIRST, the payment of all dues, assessments, service fees, fines, contributions, and charges payable to the Association by the member whose membership is transferred, and all other indebtedness of such member to the Association.
  - (2) SECOND, the payment of all dues, assessments, fines and charges payable by such member to the Clearing House, and all other indebtedness of such member to the Clearing House.
  - (3) THIRD, the payment to such member's Primary Clearing Member or Members, as specified in Rule 333.00, of all claims filed under Rule 253.00 for trading losses of such member arising out of Transactions on Change, and which claims have been allowed by the Board.
  - (4) FOURTH, the payment to other Clearing Members of all claims filed under Rule 253.00 for trading losses of such member arising out of Transactions on Change, and which claims have been allowed by the Board.
  - (5) FIFTH, the payment to members and member firms of all claims filed under Rule 253.00 for money owed on loans which had been made to the member whose membership was transferred, exclusively for the purpose of financing the purchase of such membership, and

which had been promptly recorded with the Secretary of the Association, and which claims have been allowed by the Board.

- (6) SIXTH, the payment to members and member firms of all claims filed under Rule 253.00 otherwise arising from Member's Contracts, exclusive of personal debts which are not related to the conduct of business as a broker, trader or commission merchant, and which claims have been allowed by the Board. Provided, however, that this provision shall not apply to a membership subject to Regulation 249.01(b) or 249.01(c).
- (b) PRO RATA PAYMENT. If the proceeds of a transfer of membership are insufficient to pay all filed claims allowed by the Board, such claims, within the priorities listed in (a) above, shall be paid pro rata, except as provided in (e) below.
- (c) SURPLUS, IF ANY. Claims which are not filed during the period specified in Regulation 249.01 but which would otherwise qualify under (a) above may, if allowed by the Board, be paid out of any surplus after all other claims allowed by the Board have been paid in full and shall be paid in preference to claims referred to in (e) below. The remaining surplus, if any, of the proceeds of a transfer of membership, after payment of all claims allowed by the Board under this Rule, shall be paid to the person whose membership is transferred, or to his legal representatives, upon the execution by him or them of a release or releases satisfactory to the Board.
- (d) VALUATION.
- (1) Claims which have not matured at the time of the transfer of the membership may be treated as though they had matured, and the amount due may be fixed and determined by the Board on the basis of market values or such other basis as the Board deems to be fair and just.
- (2) If a claim is contingent or the amount that will ultimately be due cannot be immediately ascertained and determined, the Board may reserve and retain such amount from the proceeds as it deems appropriate, pending determination of the amount due on the claim.
- (3) A claim shall be allowed by the Board only for the amount due after credit is given for the proceeds of the sale of any collateral held by the claimant of the fair value of such collateral as determined by the Board, The Board may require, before passing on the claim, that all such collateral be sold.
- (e) CLAIMS OF PARTNERS. Claims growing out of transactions between partners, who are members of the Association, shall not share in the proceeds of the membership of one of such partners until all other claims as allowed by the Board have been paid in full.
- (f) RIGHTS OF CREDITORS OF DECEASED, INCOMPETENT, SUSPENDED, OR EXPELLED MEMBER. The death, incompetency, expulsion or suspension of a member shall not affect the right of creditors under the provisions of this Rule.
- (g) DEATH OR INCOMPETENCY OF CREDITOR MEMBERS. When a member is in debt to another member, the death or incompetency of the creditor member or the transfer of his membership either by his estate or by the Board, shall not affect the rights of the creditor member, his firm, corporation, or estate, to share in proceeds of the membership of the debtor member under this Rule, in the same manner and to the same extent as if the creditor member had not died, become incompetent or his membership had not been transferred.
- (h) DEBTS EXISTING AS OF THE EFFECTIVE DATE OF THIS RULE AS AMENDED. Within 20 business days after the effective date of this Rule, as amended, all members and member firms shall notify the Secretary of the Association of all member debts outstanding as of the effective date which debts have arisen out of members' contracts had between the parties thereto in the ordinary course of business. The Secretary shall record such debts. All recorded debts still remaining unpaid at the time of the transfer of the debtor's membership, if allowed by the Board, shall be included in Category 3 of this Rule to be paid pro rata if necessary along with claims under that category, provided such debts are determined by the Board to have arisen out of members contracts had between the parties thereto in the ordinary course of business. The notice to the Secretary shall include the debtor member's acknowledgment of the debt; provided, however, that

any contested debts will be provisionally recorded by the Secretary.  
(08/01/94)

252.00A Claims Filed by Corporations - Your Rules and Claims and Insolvencies Committees concur in the attorney's opinion that a corporation cannot share in the proceeds of the sale of memberships against which the corporation has filed claims (even claims filed prior to the cancellation of the registration of its officer's membership) after the member has cancelled the registration of his membership for the benefit of the corporation, leaving no other member registered for the corporation. 3R (08/01/94)

252.00B Interpretation of Rule 252(e) - The Rules Committee has interpreted Rule 252(e) as follows:

Where a partnership is the primary or other clearing member for one of its member partners, such partnership may make claims against the proceeds from the sale of such partner's membership under the provisions of Rule 252.00(a) (3) or (4) for trading losses. A partnership may make claims against the proceeds from the sale of a partner's membership under Rule 252.00(a) (5) where such loan had been made exclusively for the purpose of financing the purchase of the partner's membership. (08/01/94)

253.00 Filing Claims - A member to establish his claim and to become entitled to his rights under Rule 252.00 of this Chapter to share in the proceeds of a membership, shall file a statement of his claim during the period specified in Regulation 249.01. Claims if not so filed and allowed by the Board may be paid out of any surplus after all claims allowed by the Board have been paid in full and shall be paid in preference to claims referred to in Rule 252.00(e) of this chapter. 113 (08/01/94)

253.01 Pending Arbitration - In the event an Exchange arbitration action is pending against a member who sells his membership, the entire proceeds from such membership sale shall be reserved and retained by the Exchange towards satisfaction of any resulting arbitration award in accordance with Rule 252.00. However, prior to the arbitration hearing, a selling member whose sale proceeds are being held by the Exchange pending the outcome of an arbitration may make application to the Executive Committee who, upon such application, shall have the discretion to authorize release to the selling member of any of the proceeds in excess of the amount claimed in the arbitration and claims filed pursuant to Rule 252.00. (08/01/94)

255.00 Deceased or Incompetent Member - When a member dies, or when a conservator is appointed for him or his estate, his membership may be disposed of by the Board. If the deceased or incompetent member has neglected to pay assessments, Rule 242.00 shall apply to the disposition of his membership by the Board. 115 (08/01/94)

256.00 Expelled Member - When a member is expelled or becomes ineligible for reinstatement, his membership may be disposed of forthwith by the Board. 116 (08/01/94)

270.00 Insolvency - A member, or any other person with trading privileges, who fails to perform his contracts, is insolvent, or is the subject of petition for bankruptcy, or whose membership is registered for a member firm which fails to perform its contracts, is insolvent, or is the subject of a petition for bankruptcy, shall immediately inform the Secretary in writing that he or his firm or corporation is unable to meet his or its engagements, and prompt notice thereof shall be given to the Association. Subject to the provisions of Regulation 540.06, he shall thereby become suspended from membership until, after having settled with his creditors or the creditors of his firm or corporation, he has been reinstated by the Board.

If a clearing member firm learns that any of the above-specified conditions apply to a member or member firm whose trades it clears, the clearing member firm must also immediately provide written notice thereof to the Secretary, and prompt notice thereof shall be given to the Association. For purposes of this provision, a clearing member firm will be deemed to have learned of such conditions, if a member who is registered for the firm, and is also a general partner of a partnership, an officer or director of a corporation, or a manager of a limited liability company, has actual knowledge thereof.

Nothing in this Rule shall preclude disciplinary action for the violation of any Rule or Regulation of the Association which contributed to the condition for which the person is suspended under this Rule. (06/1/00)

270.01 Restrictions on Operations - The Financial Compliance Committee shall advise the Chairman or Acting Chairman of the Board whenever it appears that a member, registered eligible business organization, wholly-owned affiliate of such member or registered eligible business organization or any other person with trading privileges is insolvent; is failing to meet the minimum capital requirements of the Association and cannot demonstrate its ability to achieve compliance; is in such financial condition that it cannot be permitted to continue in business with safety to its customers, its creditors, or the Association; or such other condition or practice exists which may adversely affect the safety of funds or positions carried for others. Upon the receipt of such advice, the Chairman or Acting Chairman may, subject to the provisions of Regulation 540.06, impose any restriction upon the operations of a member, registered eligible business organization, wholly-owned affiliate or any other person with trading privileges as he deems appropriate in the circumstances, including but not limited to the following:

- (a) Restrictions upon the solicitation and or acceptances of new positions or new accounts;
- (b) In the case of positions or funds not otherwise protected by law which are carried for the benefit of others, restrictions upon the uses to which such positions or funds may be applied, and
- (c) Restrictions upon the carrying of funds or positions of others on an omnibus account basis.

Any member, registered eligible business organization, their wholly-owned affiliates, or persons with trading privileges failing or refusing to comply promptly with a restriction imposed by the Chairman shall be fined, suspended, or expelled by the Board.

Nothing in this Regulation shall preclude disciplinary action for the violation of any Rule or Regulation of the Association which contributed to the condition for which restrictions are imposed under this Regulation. 1794 (04/01/98)

270.02 Procedures for Member Responsibility Actions - (See 540.06) (08/01/94)

270.03 Finality of Disciplinary Decisions and Member Responsibility Actions - (See 540.07) (08/01/94)

271.00 Announcement of Suspension - Whenever a member, registered eligible business organization or any other person with trading privileges has been suspended pursuant to Regulation 540.06, the Secretary shall immediately announce to the Association the suspension of such member, eligible business organization, or other person. If such suspension is modified or rescinded after hearing, the Secretary shall announce the revised action to the membership. 120 (04/01/98)

272.00 Insolvent Member - When announcement is made of a suspension of a member, firm or



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corporation pursuant to the Rules and Regulations, members have Exchange contracts with the member, firm or corporation may proceed to close the same on the Exchange or in the best available market, except insofar as the By-Laws and Resolutions of the Clearing House are applicable and provide the method of closing. Should a contract not be closed, as above provided, the price of settlement shall be fixed by the Regulatory Compliance Committee.

Such suspended member, firm or corporation shall upon request of any customer immediately arrange for the transfer of each open position of such customer to such other person, firm or corporation as such customer may designate. 121 (08/01/94)

272.01 Bankruptcy of a Member or Non-Member - Whenever an order for relief under the Bankruptcy Code as defined in Regulation 272.02 is entered for a member, firm or corporation, or for a non-member, members having Exchange contracts with the bankrupt member or non-member may proceed to close the same on the Exchange in accordance with the provisions of Rule 272.00. (08/01/94)

272.02 Deliveries in Bankruptcy Situation -

(a) For purposes of this Regulation:

- (i) The term "customer" shall mean any person for whom a member carries an Exchange futures contract except a non-public customer as that term is defined in CFTC Regulation 190.01(bb).
- (ii) The term "debtor" shall mean any member with respect to which an order for relief is entered under the Bankruptcy Code.
- (iii) The term "order for relief" means the filing of a petition in bankruptcy in a voluntary case and the adjudication of bankruptcy in an involuntary case.
- (iv) The term "tender" with respect to a notice of delivery shall mean, in the case of a short clearing member that has presented such a notice to the Clearing House, the assignment of such notice by the Clearing House to a long clearing member, and, in the case of a long clearing member, the acceptance by such member of such notice from the Clearing House if such notice is not transferred by such long clearing member within the time permitted under the Rules of the Association or the Clearing House.

(b) This Regulation shall apply only in the event and under the circumstances set forth in paragraph (c) hereof, and only in the event that the opposite clearing member referred to in said paragraph (c) is not itself a debtor.

(c) Any provisions of the Rules or the Clearing House Rules to the contrary notwithstanding, in the event that any member becomes a debtor, and that at that time such member carries for a customer any Exchange futures contract in the current delivery month with respect to which the underlying physical commodity has not become a part of the debtor's estate on the date of the entry of the order for relief, and with respect to which:

- (i) trading has ceased on the date of the entry of the order for relief; or (ii) notice of delivery has been tendered on or before the date of the entry of the order for relief; or
- (iii) trading ceases before such futures contract can be liquidated by the trustee of the debtor's estate;

then, any customer for whose account such member is holding any such futures contract shall make delivery of and receive payment for, or receive delivery of and make payment for, the physical commodity as required to fulfill such contract directly between the customer and the opposite clearing member identified by the Clearing House as the party to whom delivery should be made or from whom delivery should be taken by such customer, through and in accordance with the bylaws of the Clearing House, and such opposite clearing member shall receive delivery of and make payment for, or make delivery of and receive payment for, such commodity in accordance with the bylaws of the Clearing House; provided, however, that nothing contained herein shall prevent such customer and such opposite clearing member from settling any such contract on such terms as may be mutually agreed upon.

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- (d) The making or taking of delivery or payment with respect to any futures contract in accordance with paragraph (c) shall discharge in full the obligations of such customer and such opposite clearing member to the debtor and to every other person with respect thereto, but shall not discharge the debtor from any of its obligations with respect to such contract except to the extent that such delivery or payment is made.
- (e) Nothing contained in this Regulation shall relieve any customer of its obligation to make or take delivery under any Exchange futures contract for the sole reason that delivery must be made to or taken from a commodity broker which is a debtor. (08/01/94)

273.00 Investigation - Every person suspended under the provisions of Rule 270.00 shall immediately afford every facility required by the Office of Investigations and Audits for the investigation of his affairs, and shall, after the announcement of his suspension, file with the Office of Investigations and Audits a written statement covering all information required by the Office of Investigations and Audits, including a complete list of his creditors and amount owing to each. 122 (08/01/94)

273.01 Insolvency - When the Financial Compliance Committee from any preliminary investigations or otherwise, has reason to suspect that any member of the Association is threatened with insolvency, it shall co-operate with such member, in any feasible manner not contrary to the Rules and Regulations of the Association, to save such member from open and judicial bankruptcy. When this is not practicable, the Committee shall then take such other action as will in its judgment assist in securing a prompt, efficient, and economic administration of the member's assets for the bankrupt, as well as for the members of the Association and customers of such bankrupt, who are creditors. Nothing herein, however, shall authorize such Committee to bind the Association to any pecuniary obligation. 1815 (08/01/94)

274.00 Reinstatement - When a person suspended under the provisions of this Chapter applies for reinstatement, the Secretary shall make notice thereof available to the membership, and shall post notice thereof upon the bulletin board at least fifteen days prior to the consideration by the Board of such application. The applicant shall furnish to said Board the list of his creditors, a statement of the amounts originally owing and the nature of the settlement in each case. The application shall be heard in accordance with Regulation 540.03.

If the applicant fails to receive the approving vote of two-thirds of the members of the Board present, the applicant shall be entitled to be balloted for at two subsequent regular meetings of the Board to be designated by himself; provided, however, that the three ballots to which the applicant shall be entitled, shall be within six months from the date of his suspension, or until such time as the membership is sold, or within such further extended time for settlement as may have been granted by the Board. 124 (05/01/01)

275.00 Suspended or Expelled Member Deprived of Privileges - (See 561.00) (08/01/94)

276.00 Suspended Member-Time for Settlement - If a person suspended under the provisions of this Chapter fails to settle with his creditors and fails to apply for reinstatement within (30) thirty days from the date of his suspension, or within such further time as the Board may grant, or fails to obtain reinstatement as elsewhere herein provided, his membership may be disposed of by the Board.

The Board may, by a two-thirds vote of the members present, extend the time of settlement for periods not exceeding one year each. 123 (06/01/99)

277.00 Discipline During Suspension - (See 562.00) (08/01/94)

278.00 Suspension for Default - Where a member, or any other person with trading privileges, fails or refuses to (a) perform an Exchange contract with (b) pay obligations arising out of such contracts to another member, or (c) pay obligations owed to the Association, the defaulting member, on complaint of the other member or, in the case of a debt owed to the Association, of the Treasurer of the Association, shall, subject to the provisions of Regulation 540.06, be suspended until the contract is performed or the debt satisfied. Registered firms and corporations shall be deemed members under this Rule. Application for reinstatement shall allege, under oath, that all such debts have been discharged, and notice of such application shall be posted on the bulletin board fifteen days prior to the hearing of such application pursuant to Rule 274.00.

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Nothing in this Rule shall preclude disciplinary action for the violation of any Rule or Regulation of the Association which contributed to the condition for which the member is suspended under this Rule. 130 (12/01/96)

278.01 Arbitration of Default - If the member alleged to be in default pursuant to Rule 278.00 denies the default, he shall be entitled to have the claim arbitrated. If the claim is admitted or established by a final arbitration award, the defaulting member shall be suspended until he has satisfied and discharged the debts owing to members on Exchange contracts. (08/01/94)

285.01 Financial Questionnaire - Each member, registered eligible business organization or wholly-owned affiliate of such member or registered eligible business organization shall furnish to the Business Conduct Committee or the Financial Compliance Committee, at such times as the Committee may designate, an answer to a financial questionnaire in such form as the Committee may prescribe. 1781 (04/01/98)

285.02 Audits - The Business Conduct or Financial Compliance Committee may require any member, registered eligible business organization or its wholly-owned affiliates carrying margin accounts for customers or transacting business involving the purchase and sale of cash commodities for customers, to cause to be made as of the date of an answer to a financial questionnaire, an audit of his or its assets, liabilities, accounts and affairs, including securities held for safekeeping, in accordance with such audit requirements as may be prescribed by said Committee, and to file with said Committee a statement to the effect that such an audit has been made and that the answers to the questionnaire are in accord therewith.

Such statement shall in the case of any such member of the Association not a partner of a registered partnership, a manager of a registered limited liability company, nor an officer of a registered corporation, be signed by such member. In the case of a registered partnership, such statement shall be signed by two general partners of the partnership, one of whom must be a member of the Association. In the case of a registered corporation, such statement shall be signed by at least two of the bona fide, active executive officers of the corporation, one of whom must be a member of the Association whose membership is registered on behalf of the corporation. In the case of a registered limited liability company, such statement shall be signed by at least two managers of the limited liability company, one of whom must be a member of the Association whose membership is registered on behalf of the limited liability company. In the case of a wholly-owned affiliate of a member, registered partnership, registered limited liability company or registered corporation, such statement must be signed as indicated above, as well as by an active executive officer of the wholly-owned affiliate. The statement must also certify that a copy of it has been made available to each general partner in the case of partnerships, to each of the members of a limited liability company and in the case of corporations each member of the Association whose membership is registered on behalf of the corporation.

The signature of a partner of such partnership, a member of such limited liability company or an officer of such corporation, may be waived by the Committee at the discretion of the Committee.

Such above statement shall in all cases be attested to by the auditors and a copy of the report of the audit signed by the auditors shall be retained as part of the books and records of the member, registered partnership or registered corporation. 1782 (04/01/98)

285.03 Notification of Capital Reductions - Any firm that has been approved to deliver against a CBOT contract must notify the Exchange in writing within two business days of any event or series of events, including any withdrawal, advance, loan or loss that, on a net basis, causes a twenty percent (20%) or more reduction of its Net Worth as last reported by submission of a financial statement or financial questionnaire. Failure to so notify the Financial Compliance Committee shall be considered an act detrimental to the interest and welfare of the Association under Rule 504.00. (07/01/01)

285.04 Restrictions on Operations - (See 270.01) (08/01/94)

285.05 Financial Requirements -

A. All member firms that are registered as Futures Commission Merchants must comply with the requirements set forth in the following CFTC Regulations:

1. 1.10 - Financial reports of futures commission merchants; and

a. In addition to the requirements set forth in CFTC Regulation 1.10 each FCM member firm must file:

1. An unaudited quarterly financial statement as of the firm's fiscal year end; and
2. Submit with the certified year-end financial report a reconciliation between the certified financial report and the quarterly unaudited report; and
3. For all financial statement filings, submit a Statement of Income (Loss) for the period between the date of the most recent financial statement or, at the option of the member, the most recent certified financial statement filed with the Exchange; and
4. Each member FCM which also is a member of any other security or commodity exchange or self-regulatory organization or federal agency must promptly submit to the Exchange, unless specifically exempted, copies of any financial statements (for example, Focus Reports) submitted pursuant to the requirements of those exchanges, organizations or agencies.

b. Statement Certification and Attestation Requirements:

1. For a member FCM which is a registered partnership, financial report must be signed in a manner as determined by the Exchange (i.e. - electronic or manual) by the individual designated as the Chief Financial Officer (or as having these responsibilities), in accordance with Chicago Board of Trade Regulation 230.03(a), provided that he is a general partner.
2. For a member FCM which is any type of eligible business organization other than a partnership, financial reports must be signed in a manner as determined by the Exchange (i.e. - electronic or manual) by the individual designated as the Chief Financial Officer (or as having these responsibilities) in accordance with Chicago Board of Trade Regulation 230.03(a).
3. An attestation letter must accompany all audited financial reports which are filed with the Exchange, as well as any financial reports which are not filed electronically. The attestation letter must certify that copies of the financial reports must be made available to: (a) each member of the Chicago Board of Trade whose membership is registered for the FCM; (b) each individual designated by the FCM, in accordance with Regulation 230.03(a); and (c) each general partner in the case of a partnership.
4. The signature of the Chief Financial Officer, or the person who has these responsibilities, may be waived by the Exchange, at the discretion of the Exchange. In the event of such waiver, an FCM will be required, in the case of a partnership, to have a general partner sign the financial reports. In the case of any other type of eligible business organization, the FCM will be required to have the Chief Executive Officer sign the financial reports. In either event, this individual must either be a member of the Chicago Board of Trade, or must have been designated by the FCM, in accordance with Regulation 230.03(a).
5. Financial report audited by an independent public accountant must be attested to by the independent public accountant.
6. Financial reports which are filed through Exchange-approved electronic transmission must be accompanied by the CBOT assigned Personal

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Identification Numbers (PINS) of the authorized signers. The PIN number will constitute and become a substitute for the manual signature of the authorized signer to the electronically filed financial report. The PIN is a representation by the authorized signer that, to the best of his or her knowledge, all information contained in the statement being transmitted under the PIN is true, correct and complete.

7. The unauthorized use of a CBOT assigned Personal Identification Number for electronic attestation by an unauthorized party is forbidden.
2. 1.12 - Maintenance of minimum financial requirements by futures commission merchants; and
3. 1.16 - Qualifications and reports of accountants; and
4. 1.17 - Minimum financial requirements for futures commission merchants and introducing brokers; and
5. 1.18 - Records for and relating to financial reporting and monthly computation by futures commission merchants; and
6. 1.20 through 1.30 - Customers' Money, Securities, and Property; and
7. 1.32 - Segregated account; daily computation and record; and
8. 30.7 - Treatment of foreign futures or foreign options secured amount.

Notwithstanding the foregoing requirements, the CBOT may impose additional accounting, reporting, financial and/or operational requirements as determined necessary.

- B. For firms that are regular to deliver agricultural products see Appendix 4E.
- C. For firms that are regular to deliver Rough Rice see Appendix 37D. (07/01/00)

285.08 Financial Arrangements - Each member who makes an arrangement to finance his transactions must identify to the Exchange the source of the financing and its terms. The Exchange must be informed immediately of the intention of any party to terminate or change any such arrangement. (12/01/94)

285.09 Trading Associations - Each member who makes an arrangement to be on the floor of the Exchange or on the Project A electronic trading system for the purpose of making discretionary trading decisions and executing discretionary trades for a firm must ensure that the firm is registered as a member firm of the Exchange. (08/01/99)

286.00 Trades of Non-Clearing Members - On the first business day of each month each clearing member who is creditor of any member as a result of debts related to the conduct of business as a broker, trader or commission merchant shall report to the Business Conduct Committee the name of each member whose unsecured indebtedness to him is in the amount of five thousand dollars (\$5,000) or more. The Business Conduct Committee is authorized to furnish to any clearing member,

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on written request, the names of all members or member firms, to whom a specified member is indebted as reported hereunder, and the names of members and member firms as reported pursuant to Rule 252.00(h).

The phrase "unsecured indebtedness" as used in the rules means the amount of indebtedness in excess of collateral security valued in accordance with the provisions of paragraph 3 and 4 of Regulation 431.02.

Failure of a member or member firm to report such indebtedness may be considered to be an act detrimental to the interest or welfare of the Association under the provisions of Rule 504.00 and may be relied on by the Board of Directors in deciding not to allow a claim for such indebtedness under Rules 252.00 and 253.00. (08/01/94)

287.00 Advertising - No member shall publish any advertisement of other than strictly legitimate business character. 604 (08/01/94)

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290.00 Market Categories - Each existing and prospective futures contract and options contract traded on the Exchange shall be listed in one of the following four market categories: Agricultural and Associated Market (AAM), Government Instruments Market (GIM), Index, Debt and Energy Market (IDEM), and Commodity Options Market (COM). The Board shall provide for the initial listing of such futures contracts and options contracts by adopting Regulations and may alter any such listing by amending these Regulations. No such listing shall affect any of the rights of full or associate members or other persons with trading access, except as may be specifically provided for herein. (08/01/94)

290.01 Agricultural and Associated Market (AAM) - The AAM consists of the following futures contracts: soybeans, soybean meal, soybean oil, oats, wheat, corn, anhydrous ammonia, diammonium phosphate, barge freight rate index, FOSFA International Edible Oils Index, sunflower seeds, catastrophe insurance and rough rice. (09/01/01)

290.02 Government Instruments Market (GIM) - The GIM consists of the following futures contracts: U.S. Treasury Bonds, U.S. Treasury Notes (6-10 years), U.S. Treasury Notes (5 years), U.S. Treasury Notes (2 years), Long Term and Medium Term Agency (Fannie Mae(R) Benchmark and Freddie Mac Reference) NotesSM, Mortgage, Inflation-Indexed U.S. Treasury Bonds, Long-Term Inflation-Indexed Treasury Notes, Medium-Term Inflation-Indexed Treasury Notes, German Government Bonds, Canadian Government Bonds (10 year), Cash Settled U.S. Treasury Notes (2 years), Zero Coupon Treasury Bonds, Zero Coupon Treasury Notes, U.S. Treasury Bills (90 days), Long-Term Japanese Government Bonds, Mortgage-Backed 10-Year Interest Rate Swap, 5-Year Interest Rate Swap, GNMA-CDR, Domestic CDs, and Treasury Repos (30-day and 90-day) (when designated). (07/01/02)

290.03 Index, Debt and Energy Market (IDEM) - The IDEM consists of the following futures contracts: 30-Day Fed Fund, Portfolios (when designated), Stock Indexes, CBOT Dow Jones - AIG Commodity Index(SM), CBOT X-Fund, Corporate Bond Index, Commercial Paper (30 days), Commercial Paper (90 days), Municipal Bonds (when designated), 10-Year Municipal Note Index, Municipal Bond Index, Eurodollars, Crude Oil (when designated), Leaded Gasoline (when designated), Unleaded Gasoline (when designated), Heating Oil (when designated), Silver, Gold, Gold Coins (when designated) Plywood, Structural Panel Index, CBOT U.S. Dollar Composite Index, CBOT Argentina, Brazil and Mexico Brady Bond Indexes, U.S. Treasury Yield Curve Spread, ComEdTM and TVA Hub Electricity. (11/01/02)

290.04 Commodity Options Market (COM) - The COM consists of the following options contracts: U.S. Treasury Bond Futures Options and all other options that are listed for trading by the Exchange. (08/01/94)

291.00 GIM Membership Interest - A GIM Membership Interest is a personal right, which shall entitle the holder thereof to trade as principal and broker for others in all contracts listed in the GIM pursuant to Regulation 290.02. In addition, the holder of a GIM Membership Interest may communicate from the Floor of the Exchange with persons not on the Floor of the Exchange in the same manner as may members, but only with respect to contracts traded in the GIM. An eligible business organization may own a GIM Membership Interest on behalf of an individual nominee who is a full-time employee of the eligible business organization, provided that the Membership Committee determines that such GIM Membership Interest is needed by the eligible business organization to carry on its business at the Association and that all rights and obligations of the GIM Membership Interest shall remain the exclusive responsibility of the individual nominee. An eligible business organization which owns a GIM Membership Interest may transfer it from one nominee to another individual employee of the eligible business organization who has been duly approved for membership subject to the provisions of Regulation 249.01(b).

- (A) A GIM Membership Interest shall not carry any voting rights on any matter which is the subject of a ballot vote of the general membership.
- (B) GIM Membership Interest holders, annually, may elect a Committee consisting of 11 GIM Membership Interest holders, including a Chairman thereof. The Chairman of this Committee shall be liaison to the Chairman of the Board.
- (C) In the event of full liquidation of the Association, the holder of a GIM Membership Interest shall

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share in the proceeds from dissolution in an amount equal to eleven percent (.11) of a full member's share. No holder of a GIM Membership Interest shall have the right to share in any other distribution made by the Association.

- (D) No GIM Membership Interest shall carry with it the attributes of membership in the Association under the Fifth Article of the Certificate of Incorporation of the Chicago Board Options Exchange.
- (E) Each holder of a GIM Membership Interest shall be responsible for paying all dues, fees and assessments that are applicable to full memberships for each GIM Membership Interest held.
- (F) Each GIM Membership Interest may be sold or delegated according to the Rules and Regulations applicable to the sale and delegation of full and associate memberships. No GIM Membership Interest may be registered on behalf of an eligible business organization.
- (G) Each person who seeks to purchase or be delegated a GIM Membership Interest shall make application according to the Rules and Regulations governing applications for full and associate membership. Each such applicant shall be considered eligible to assume the rights and obligations of a GIM Membership Interest according to the procedures and standards that apply to full and associate members, as set forth in the Rules and Regulations.
- (H) Each holder of a GIM Membership Interest shall be subject to all Rules and Regulations of the Association including all specific duties and obligations imposed on such holders by the Rules and Regulations, as well as those duties and obligations imposed upon members or other approved persons under the Rules and Regulations; provided however, the Board may exempt holders of GIM Membership Interests from any such duty or obligation which is incompatible with, or in conflict with or unrelated to the duties performed by them. All references to "members" and "membership" in the Rules and Regulations shall apply with equal force to holders of GIM Membership interest and GIM Membership Interests, respectively, unless superseded or specifically negated by this Rule or by Rule 290.00 or Rule 294.00 or the Regulations thereunder. (04/01/98)

292.00 IDEM Membership Interest - An IDEM Membership Interest is a personal right, which shall entitle the holder thereof to trade as principal and broker for others in all contracts listed in the IDEM pursuant to Regulation 290.03. In addition, the holder of an IDEM Membership Interest may communicate from the Floor of the Exchange with persons not on the Floor of the Exchange in the same manner as may full members, but only with respect to contracts traded in the IDEM. An eligible business organization may own an IDEM Membership Interest on behalf of an individual nominee who is a full-time employee of the eligible business organization, provided that the Membership Committee determines that such IDEM Membership Interest is needed by the eligible business organization to carry on its business at the Association and that all rights and obligations of the IDEM Membership Interest shall remain the exclusive responsibility of the individual nominee. An eligible business organization which owns an IDEM Membership Interest may transfer it from one nominee to another individual employee of the eligible business organization who has been duly approved for membership subject to the provisions of Regulation 249.01(b).

- (A) An IDEM Membership Interest shall not carry any voting rights on any matter which is the subject of a ballot vote of the general membership.
- (B) IDEM Membership Interest holders, annually, may elect a Committee consisting of 11 IDEM Membership Interest holders, including a Chairman thereof. The Chairman of this Committee shall be liaison to the Chairman of the Board.
- (C) In the event of full liquidation of the Association, the holder of an IDEM Membership Interest shall share in the proceeds from dissolution in an amount equal to one-half of one percent (.005) of a full member's share. No holder of an IDEM Membership Interest shall have the right to share in any other distribution made by the Association.
- (D) No IDEM Membership Interest shall carry with it the attributes of membership in the Association under the Fifth Article of the Certificate of Incorporation of the Chicago Board Options Exchange.
- (E) Each holder of an IDEM Membership Interest shall be responsible for paying all dues, fees and assessments that are applicable to full memberships for each IDEM Membership Interest held.



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- (F) Each IDEM Membership Interest may be sold or delegated according to the Rules and Regulations applicable to the sale and delegation of full and associate memberships. No IDEM Membership Interest may be registered on behalf of a eligible business organization.
- (G) Each person who seeks to purchase or be delegated an IDEM Membership Interest shall make application according to the Rules and Regulations governing applications for full and associate membership. Each such applicant shall be considered eligible to assume the rights and obligations of an IDEM Membership Interest according to the procedures and standards that apply to full and associate members, as set forth in the Rules and Regulations.
- (H) Each holder of a IDEM Membership Interest shall be subject to all Rules and Regulations of the Association including all specific duties and obligations imposed on such holders by the Rules and Regulations, as well as those duties and obligations imposed upon members or other approved persons under the Rules and Regulations; provided however, the Board may exempt holders of IDEM Membership Interests from any such duty or obligation which is incompatible with, or in conflict An eligible business organizationith or unrelated to the duties performed by them. All references to "members" and "membership" in the Rules and Regulations shall apply with equal force to holders of IDEM Membership Interest and IDEM Membership Interests, respectively, unless superseded or specifically negated by this Rule or by Rule 290.00 or Rule 294.00 or the Regulations thereunder. (04/01/98)

293.00 COM Membership Interests - A COM Membership Interest is a personal right, which shall entitle the holder thereof to trade as principal and broker for others in all contracts listed in the COM pursuant to Regulation 290.04. In addition, the holder of a COM Membership Interest may communicate from the Floor of the Exchange with persons not on the Floor of the Exchange in the same manner as may full members, but only with respect to options contracts traded in the COM. An eligible business organization may own a COM Membership Interest on behalf of an individual nominee who is a full-time employee of the eligible business organization, provided that the Membership Committee determines that such COM Membership Interest is needed by the eligible business organization to carry on its business at the Association and that all rights and obligations of the COM Membership Interest shall remain the exclusive responsibility of the individual nominee. An eligible business organization which owns a COM Membership Interest may transfer it from one nominee to another individual employee of the eligible business organization who has been duly approved for membership subject to the provisions of Regulation 249.01(b).

- (A) A COM Membership Interest shall not carry any voting rights on any matter which is the subject of a ballot vote of the general membership.
- (B) COM Membership Interest holders, annually, may elect a Committee consisting of 11 COM Membership Interest holders, including a Chairman thereof. The Chairman of this Committee shall be liaison to the Chairman of the Board.
- (C) Upon the inception of options trading on the Exchange, and in the event of full liquidation of the Association, the holder of a COM Membership Interest shall share in the proceeds from dissolution in an amount equal to one-half of one percent (.005) of a full member's share. No holder of a COM Membership Interest shall have the right to share in any other distribution made by the Association.
- (D) No COM Membership Interest shall carry with it the attributes of membership in the Association under the Fifth Article of the Certificate of Incorporation of the Chicago Board Options Exchange.
- (E) Each holder of a COM Membership Interest shall be responsible for paying all dues, fees and assessments that are applicable to full memberships for each COM Membership Interest held.
- (F) Each COM Membership Interest may be sold or delegated according to the Rules and Regulations applicable to the sale and delegation of full and associate memberships. No COM Membership Interest may be registered on behalf of an eligible business organization.
- (G) Each person who seeks to purchase or be delegated a COM Membership Interest shall make application according to the Rules and Regulations governing applications for full and associate membership. Each such applicant shall be considered eligible to assume the rights and obligations of a COM Membership Interest according to the procedures and standards that apply to full and associate members, as set forth in the Rules and Regulations.

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(H) Each holder of a COM Membership Interest shall be subject to all Rules and Regulations of the Association including all specific duties imposed on such holders by the Rules and Regulations, as well as those duties and obligations imposed upon members or other approved persons under the Rules and Regulations; provided however, the Board may exempt holders of COM Membership Interests from any such duty or obligation which is incompatible with, or in conflict with or unrelated to the duties performed by them. All references to "members" and "membership" in the Rules and Regulations shall apply with equal force to holders of COM Membership Interest and COM Membership Interests, respectively, unless superseded or specifically negated by this Rule or by Rule 290.00 or Rule 294.00 or the Regulations thereunder.

(I) Upon the effective date of any termination of commodity options trading by the Commodity Futures Trading Commission, all rights and privileges specified in this Rule shall automatically expire and become null and void.  
(04/01/98)

293.01 COM Membership Rights - Holders of COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Treasury Bond futures, Long-Term Municipal Bond Index futures, Short-Term Treasury Note futures, Medium-Term Treasury Note futures or in Long-Term Treasury Note futures from the Treasury Bond options trading pit provided that such orders are for hedge purposes only. (09/01/97)

293.02 AM and COM Membership Rights - Holders of Associate Memberships and COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Soybean futures from the Soybean Options trading pit provided that such orders are for hedge purposes only. (08/01/94)

293.03 AM and COM Membership Rights - Holders of Associate Memberships and COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Corn futures from the Corn Options trading pit provided that such orders are for hedge purposes only.  
(08/01/94)

293.05 COM Membership Rights - Holders of COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Long-Term Treasury Note futures, Long-Term Municipal Bond Index futures, Medium-Term Treasury Note futures, Short-Term Treasury Note futures or in U.S. Treasury Bond futures from the Long-Term Treasury Note Options trading pit provided that such orders are for hedge purposes only.  
(09/01/97)

293.06 COM Membership Rights - Holders of COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Long-Term Municipal Bond Index futures, Long-Term Treasury Note futures, Medium-Term Treasury Note futures, Short-Term Treasury Note futures or in U.S. Treasury Bond futures from the Long-Term Municipal Bond Index Options trading pit provided that such orders are for hedge purposes only.  
(09/01/97)

293.07 AM and COM Membership Rights - Holders of Associate Memberships and COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Wheat futures from the Wheat Options trading pit provided that such orders are for hedge purposes only.  
(08/01/94)

293.08 AM and COM Membership Rights - Holders of Associate Memberships and COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Soybean Meal futures from the Soybean Meal Options trading pit provided that such orders are for hedge purposes only. (08/01/94)

293.09 AM and COM Membership Rights - Holders of Associate Memberships and COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Soybean Oil futures from the Soybean Oil Options trading pit provided that such orders are for hedge purposes only. (08/01/94)

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293.10 COM Membership Rights - Holders of COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Short-Term Treasury Note futures, Medium-Term Treasury Note futures, Long-Term Treasury Note futures, Long-Term Municipal Bond Index futures or in U.S. Treasury Bond futures from the Short-Term Treasury Note Options trading pit provided that such orders are for hedge purposes only. (09/01/97)

293.12 IDEM Membership Rights - Holders of IDEM Membership Interests shall be permitted to transmit orders verbally, by hand signals or in writing to brokers in U.S. Treasury Bond futures, Long-Term Treasury Note futures, Short-Term Treasury Note futures, or Medium-Term Treasury Note futures from the Municipal Bond Index futures pit, provided that such orders are for hedge purposes only. (08/01/94)

293.14 AM and COM Membership Rights - Holders of Associate Memberships and COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Oat futures from the Oat Options trading pit provided that such orders are for hedge purposes only. (08/01/94)

293.15 COM Membership Rights - Holders of COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Medium-Term Treasury Note futures, Short-Term Treasury Note futures, Long-Term Municipal Bond Index futures, Long-Term Treasury Note futures or in U.S. Treasury Bond futures from the Medium-Term Treasury Note Options trading pit provided that such orders are for hedge purposes only. (09/01/97)

293.16 IDEM Membership Rights - Holders of IDEM Membership Interests shall be permitted to transmit orders verbally, by hand signals, in writing, or by any other means deemed acceptable by the Board to brokers in options on CBOT(R) Dow Jones Industrial AverageSM Index futures, from the CBOT(R) Dow Jones Industrial AverageSM Index futures trading pit, provided that such orders are for hedge purposes only. (11/01/97)

293.17 COM Membership Rights - Holders of COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, in writing, or by any other means deemed acceptable by the Board to brokers in CBOT(R) Dow Jones Industrial AverageSM Index futures, from the CBOT(R) Dow Jones Industrial AverageSM Index options trading pit, provided that such orders are for hedge purposes only. (11/01/97)

294.00 Membership Interest Participations - On April 30, 1982 there shall be created one thousand four hundred and two (1,402) one-quarter participations each in GIM Membership Interests, IDEM Membership Interests, and COM Membership Interests. Each full member of the Association as of the close of business on April 30, 1982 shall be entitled to receive as of May 3, 1982 a one-quarter participation in a GIM Membership Interest, a one-quarter participation in an IDEM Membership Interest and a one-quarter participation in a COM Membership Interest for each full membership held by such full member. Further, on April 30, 1982 there shall be created a quantity of one-half participations each in IDEM Membership Interests and COM Membership Interests equal to the number of associate memberships that appear on the membership list of the Association as of the close of business on April 30, 1982. Each associate member of the Association as of the close of business on April 30, 1982 shall be entitled to receive as of May 3, 1982 a one-half participation in an IDEM Membership Interest and a one-half participation in a COM Membership Interest for each associate membership held by such associate member. (08/01/94)

294.01 Transfer of Membership Interest Participations - One-quarter participations in GIM Membership Interests, IDEM Membership Interests and COM Membership Interests, and one-half participations in IDEM Membership Interests and COM Membership Interests shall be transferable only to and among full, associate and conditional associate members of the Association; GIM, IDEM and COM Membership Interest holders; and member firms. Membership Interest fractional participations may be sold or purchased by authorized individuals or firms in accordance with the mechanics of the bid/ask market for Membership and Membership Interests as set forth in Regulation 249.01(a) or may be transferred intra-family between authorized individuals in accordance with the transfer procedures set forth in Regulation 249.01(d), including the deposit requirement. Membership Interest fractional participations may not be sold or transferred in any other manner. (08/01/94)

294.02 Registration of Membership Interests - Any authorized person or firm who acquires or

accumulates four one-quarter participations in GIM Membership Interests may surrender to the Association such four one-quarter participations for one GIM Membership Interest, subject to meeting all qualifications required by the Rules and Regulations relating to membership. Any authorized person or firm who acquires or accumulates any combination of one-quarter and/or one-half participations in IDEM Membership Interests that equals one full participation may surrender to the Association such fractional participations for one IDEM Membership Interest, subject to meeting all qualifications required by the Rules and Regulations relating to membership. Any authorized person or firm who acquires or accumulates any combination of one-quarter and/or one-half participations in COM Membership Interests that equals one full participation may surrender to the Association such fractional participations for one COM Membership Interest, subject to meeting all qualifications required by the Rules and Regulations relating to membership. Any person or firm who surrenders participations in accordance with this Regulation shall pay a registration fee as may be established by the Board. (08/01/94)

294.03 Dues and Assessments on Membership Interest Participations - No authorized person who holds fractional participations in GIM, IDEM, or COM Membership Interests shall be responsible for the payment of any dues, fees or assessments in respect of such fractional participations. (08/01/94)

294.04 Accumulation of Membership and Membership Interest Participations by the Board - The Board of Directors, in its discretion, may accumulate, pool and require all outstanding fractional participations in Associate Memberships and IDEM and COM Membership Interests to be surrendered between April 30, 1989 and August 31, 1989. All such fractional participations in Associate Memberships and IDEM and COM Membership Interests so surrendered shall be accumulated into full Associate Memberships or IDEM or COM Membership Interests respectively and sold at prevailing market prices to any individuals who are authorized to purchase such Memberships or Membership Interests under the Rules and Regulations. The proceeds from the sale of such Associate Memberships and IDEM and COM Membership Interests shall be distributed pro-rata to those authorized persons surrendering such fractional participations in Associate Memberships and IDEM and COM Membership Interests in proportion to the number of such fractional participations in Associate Memberships and IDEM and COM Membership Interests respectively surrendered by the authorized person to the total number of such fractional participations in Associate Memberships and IDEM and COM Membership Interests respectively surrendered by all authorized persons. (08/01/94)

294.05 Time Limit for Accumulating AM Participations - To implement the provisions of Rule 294.00, any member or associate member who accumulates one-quarter AM participations and surrenders them for an associate membership by the close of business on May 28, 1982 shall be entitled to receive as of June 1, 1982, in respect of each such associate membership, a one-half participation in an IDEM Membership Interest and a one-half participation in a COM Membership Interest. A sufficient quantity of such IDEM and COM Membership Interest participations shall be created on May 28, 1982 to allow any such distribution. (08/01/94)

294.06 Claims Procedures Regarding Membership Interest Fractional Participations - Proceeds from the sale of a Membership Interest fractional participation, and the deposit required for Membership Interest fractional participations transferred pursuant to Regulations 249.01 (d) and 294.01, shall be deemed to be subject to the provisions of Rule 252.00. Claims may be filed against such proceeds in the same manner and subject to the same terms as set forth in Rule 253.00 and Regulation 249.01 (e) with respect to the filing of claims against the proceeds of the sale or transfer of a Membership or Membership Interest. The Secretary shall provide notice of sales or transfers of Membership Interest fractional participations in the same manner as he provides notice pursuant to Regulation 249.01(e) of sales or transfers of Memberships and Membership Interests. (08/01/94)

296.00 Elimination of GIM Membership Interests - Subject to the exceptions set forth below, on the effective date of this Rule, each existing GIM Membership Interest shall automatically become a one-half participation in an Associate Membership; each unaccumulated one-quarter participation in a GIM Membership Interest shall automatically become a one-eighth participation in an Associate Membership; and status as a GIM Membership Interest holder or nominee shall cease respectively for each individual who owns a GIM Membership Interest or is a nominee of a firm-owned GIM Membership Interest. Fractional participations in an Associate Membership shall carry no privileges of

a Membership or Membership Interest, including but not limited to trading and voting privileges.

- (1) With respect to individuals who own GIM Membership Interests, each individual who (a) applied for approval as a GIM Membership Interest holder prior to January 21, 1986, and whose application for such approval was pending as of January 21, 1986 and/or (b) acquired his current GIM Membership Interest as of January 21, 1986, or pursuant to a bid to purchase that was listed with the Exchange as of January 21, 1986, may continue as a GIM Membership Interest holder subject to all the privileges and obligations such Membership Interest entails. However, each GIM Membership Interest covered by this exception may only be sold or transferred as a one-half participation in an Associate Membership. The limitations on transfers of a GIM Membership Interest described in this Rule 296.00(1) shall not apply when (i) the transferor is the estate of a deceased membership interest holder and the transferee is the decedent's spouse and (ii) the GIM Membership Interest has not already been transferred pursuant to this sentence.
- (2) With respect to nominees of firm-owned GIM Membership Interests, each nominee who has had his current GIM Membership Interest assigned to him as of January 21, 1986, may, at the assigning firm's election, continue as a GIM Membership Interest nominee subject to all the privileges and obligations such Membership Interest entails. In addition, a firm shall be permitted to assign any GIM Membership Interest it owns to two consecutive nominees following the nominee who was assigned such Membership Interest as of January 21, 1986. However, each firm-owned GIM Membership Interest covered by this exception may only be sold as a one-half participation in an Associate Membership.

None of the foregoing shall preclude individuals covered by paragraph (1) or firms covered by paragraph (2) from treating their GIM Membership Interests as one-half participations in Associate Memberships and combining them with other fractional participations in Associate Memberships. (11/01/99)

296.01 Transfer of Associate Membership Participations - In accordance with the mechanics of the bid/ask market for Memberships and Membership Interests as set forth in Regulation 249.01(a), member firms and individuals may purchase or sell one-eighth or one-half participations in Associate Memberships created pursuant to Rule 296.00 or Regulation 296.03. Individuals may also transfer Associate Membership fractional participations in accordance with the transfer procedures set forth in Regulation 249.01(d), including the deposit requirement. Associate Membership fractional participations may not be sold or transferred in any other manner. Each individual who acquires a fractional participation in an Associate Membership but who is not a Full Member, Associate Member, GIM Membership Interest holder or GIM Membership Interest nominee in good standing shall apply for election to Associate Membership status under the same procedures and requirements as are specified in Regulation 249.01(a) (iii) for purchasers of Associate Memberships, and also shall be subject to the provisions of Regulation 249.01(a) (iv) and (v). However, any individual whose status as a GIM Membership Interest holder or nominee automatically ceases pursuant to Rule 296.00 on the effective date of such Rule shall have 60 days thereafter in which to acquire an Associate Membership and become an Associate Member without applying for election to Associate Membership status. Any individual required to apply for Associate Membership status under this regulation and who is elected to such status must acquire an Associate Membership within 60 days of notification of such election or within such extension of this period as may be granted by the Board of Directors. If he is unable to do so, he must, at his option, either re-apply for Associate Membership status or take all necessary steps to effect a sale of the Associate Membership fractional participations he has acquired within 30 days of the end of the period specified in the preceding sentence. (08/01/94)

296.02 Registration of New Associate Memberships - Any person or firm which acquires and accumulates any combination of fractional participations in Associate Memberships that equals one complete Associate Membership may surrender such fractional participations to the Department of Member Services for one Associate Membership, subject to meeting all qualifications required by the Rules and Regulations relating to membership. Any GIM Membership Interest holder or nominee in good standing who surrenders fractional participations under this Regulation shall not be required to apply for election to Associate Membership status. Once two or more fractional participations have been combined, they may not be separated. (08/01/94)

296.03 Additional Associate Membership Participations or GIM Membership Interests - The

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Board of Directors may at any time at its discretion create additional fractional participations in Associate Memberships but only if necessary to facilitate the combination of existing fractional participations into Associate Memberships. The Board of Directors may also create new GIM Membership Interests to sell to individuals who applied for approval as GIM Membership Interest holders prior to January 21, 1986, and/or to individuals whose bids to purchase GIM Membership Interests were on file with the Association as of January 21, 1986. Such new GIM Membership Interests shall be created and sold only if, in the judgement of the Board, GIM Membership Interests are not otherwise available to such individuals through bona fide purchases in the Exchange's bid/ask market. (08/01/94)

296.04 Waiver of Transfer and Registration Fees - No fees shall be charged for transfers of fractional participations in Associate Memberships effected through the Exchange's bid/ask market or for registrations of new Associate Memberships acquired by accumulation of fractional participations under Regulation 296.02. (08/01/94)

296.05 Dues and Assessments - Associate Members shall pay full dues, fees and assessments as provided for by the Association. However, each person or firm who acquires an Associate Membership by the accumulation and surrender of fractional participations pursuant to Regulation 296.02 shall be exempted from member dues assessed on such Associate Membership pursuant to Rule 240.00 for a period of twelve (12) consecutive calendar quarters beginning with the quarter following the quarter in which the fractional participations for such Associate Membership are surrendered. Only the original owner of each newly created Associate Membership shall be eligible for the dues waiver referenced herein. (08/01/94)

296.06 Claims Procedures Regarding Associate Membership Participations - The proceeds of Associate Membership fractional participation sales, and the deposit required for Associate Membership fractional participations transferred pursuant to Regulations 249.01(d) and 296.01, shall be deemed proceeds of membership for purposes of Rule 252.00. Claims may be filed against such proceeds in the same manner and subject to the same terms as set forth in Rule 253.00 and Regulation 249.01(e) with respect to the filing of claims against the proceeds of the sale or transfer of a membership or membership interest. The Secretary shall provide notice of sales or transfers of Associate Membership fractional participations in the same manner as he provides notice pursuant to Regulation 249.01(e) of sales or transfers of memberships and membership interests.

Interpretation - The Board of Directors adopted the following on April 17, 1990 as a formal rule interpretation which confirms established Exchange practice:

"A person shall achieve Full Membership status (i.e. - Full Membership voting rights and trading privileges) only through the purchase of a Full Membership.

The foregoing shall not affect the existing Exchange provisions for the delegation, member firm transfer, or intra-family transfer of Full Memberships." (08/01/94)

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300.00 Exchange Halls - The Board shall provide Exchange Halls which shall be open for trading during such hours as the Board of Directors shall designate. For the purpose of Exchange rules, Exchange Halls may be deemed to include an approved automated order entry facility. Complete jurisdiction over the Exchange Halls, all parts of the building and any automated systems of the Association is vested in the Board. 69 (08/01/94)

301.00 Admission to the Floor - No one but a member shall make any transaction or execute orders in securities or commodities traded in or upon the Floor of the Exchange. No one but a member shall be admitted to the Floor of the Exchange, except as provided by Regulations adopted by the Regulatory Compliance Committee. 259 (08/01/94)

301.01 Non-Members - No non-member shall be admitted to the Floor of the Exchange except as provided in this Chapter 3. Persons not wearing a valid badge shall not be admitted to the floor of the Exchange. 1370 (08/01/94)

301.02 Guest Badges - The Safety and Security Department may, upon application of a member, issue a badge to a guest of the Exchange or, upon its own initiative, issue a badge to a guest permitting access to the floor of the Exchange. 1371 (08/01/94)

301.03 Guests - All guests of a member shall be accompanied by a member while on the Exchange Floor and shall obey all Rules and Regulations respecting floor conduct established herein for members. Members shall be responsible for all violations of the Chicago Board of Trade Rules and Regulations committed by their guests and for resulting fines. 1372 (08/01/94)

301.04 Press - Annual courtesy cards to the Press, permitting admission to the Exchange Hall, may be issued and recalled by the written authorization of the Communications Department. 1373 (08/01/94)

301.05 Floor Clerks - With the prior approval of the Floor Conduct Committee, or designated Exchange staff pursuant to delegated authority, a non-member employee of a member or member firm registered under Rule 230.00 may be admitted to the Exchange Floor upon the payment by the employer of such periodic fees as may be established by the Finance Committee. No floor clerk shall be permitted to enter the Exchange Floor without a badge. Floor clerks may perform only such services and other clerical, telephone and informational duties as may be specifically permitted by the Regulatory Compliance Committee. (See Appendix 3B.)

Floor clerks are strictly prohibited from soliciting orders. Floor clerks may not be registered as an Associated Person except as provided in Regulation 301.07. They may communicate orders to the pit from their position or communications instrument by use of hand signals or verbal notification. When communicating orders in either fashion, a record must immediately be made and time-stamped in accordance with Regulation 465.01.

Floor clerks are not permitted to run on the Exchange Floor or in the corridors of the building and shall at all times maintain decorum. The Floor Conduct Committee may recall floor clerk badges for cause and may exclude from the Floor any non-member employee of any member.

The responsibility of conduct and appearance of employees on the Exchange Floor shall be that of the member employer.

Notwithstanding Rule 420.00, nonmembers holding a Floor Clerk badge or a Broker Assistant badge shall not have any interest whatsoever in a commodity futures or commodity options account which contains positions in contracts traded on the Exchange or the MidAmerica Commodity Exchange. No member or member firm may jointly hold such an account with a nonmember Floor Clerk or Broker Assistant, and no member firm may accept or carry any such account in which a nonmember Floor

Clerk or Broker Assistant holds any interest. Provided, however, that the following shall apply to any person who has Associate Membership, Membership Interest, or permit holder status on the Exchange or Membership status on the MidAmerica Commodity Exchange and who also holds a Floor Clerk or Broker Assistant badge:

Such person shall not trade for, or carry in his account or an account in which he has any interest, any positions in contracts traded on the Exchange or the MidAmerica Commodity Exchange except for those contracts which he is entitled to trade as principal or broker for others by virtue of his Membership, Membership Interest or permit holder status as referenced above. However, a Member, Membership Interest Holder or permit holder who holds a Broker Assistant badge, and who stands in an area designated for broker assistants outside of a financial futures or financial options pit, may carry in his account or an account in which he has an interest, any positions in contracts traded on the Exchange or the MidAmerica Commodity Exchange, provided that the orders for such positions are placed through the normal customer order flow process.

These provisions shall not be interpreted to prohibit an individual from being employed as a Floor Clerk or a Broker Assistant simply because another family member is a member of the Exchange who trades for his or her own personal account, whether such individual is employed by the family member or by another member. However, Floor Clerks and Brokers Assistants are strictly prohibited from initiating trades or advising on the initiation of trades for a family member's account or any other account.

Violations of this Regulation shall be cause for suspension or revocation of a person's floor access privileges and for suspension or expulsion of his employer, or such other action as the Floor Conduct Committee may deem appropriate, in accordance with the applicable procedures set forth in Chapter 5. In the event a floor clerk is registered as an Associated Person in violation of this Regulation, after notice and for good cause shown, the Floor Conduct Committee may cause such floor clerk's floor access keycard to be immediately deactivated and take whatever other disciplinary action it deems necessary consistent with this Regulation. Upon termination of the Associated Person status, a floor clerk's keycard may be reactivated.

A non-clearing member holding a Floor Clerk or Broker Assistant badge shall be required to notify his Primary Clearing Member, as defined in Rule 333.00, of the name, address and immediate supervisor of the member or member firm by whom he is employed as a Floor Clerk or Broker Assistant. Upon a Primary Clearing Member's revocation of clearing authorization in accordance with Rule 333.00(c), the Primary Clearing Member immediately shall give written notice to the member or member firm who employs a non-clearing member as a Floor Clerk or Broker Assistant that the non-clearing member's clearing authorization has been revoked. A non-clearing member holding a Floor Clerk or Broker Assistant badge shall be denied floor access privileges upon the revocation of clearing authorization by his Primary Clearing Member. The floor access privileges of a non-clearing member who holds a Floor Clerk or Broker Assistant badge may be reinstated upon the filing of a release with the Member Services Department by the non-clearing member's Primary Clearing Member in accordance with Rule 333.00(d). (04/01/97)

301.06 Floor Access by Annual Election Candidates and Non-Member (Public) Directors -

The following are permitted physical access to the Floor of the Exchange:

a) Candidates in the current year's Annual Election who:

- Have been nominated either by the Nominating Committee or by petition pursuant to Rule 102.00; and
- Do not already have Exchange Floor access by virtue of a membership privilege.

b) Non-member (public) Directors on the Association's Board.

Individuals who are admitted to the Exchange Floor pursuant to this regulation shall not be authorized thereby to execute trades or to perform any other functions which are reserved to members or clerks on the Exchange Floor. (06/01/00)

301.07 Floor Clerk-Special Badges - The Floor Conduct Committee, or designated Exchange staff pursuant to delegated authority, may issue special badges authorizing non-member employees of

members or member firms to perform the duties of a "Floor Clerk" as defined in Regulation 301.05. Such authorization shall be for a specific period not to exceed two weeks. The Member Firm Staff Services Department shall maintain proper records of these authorizations.

When such non-member employees are Associated Persons, such authorization may be granted for a specific period not to exceed three business days but only if the employer demonstrates to the satisfaction of the Floor Conduct Committee, or designated staff pursuant to delegated authority, that it temporarily lacks enough available Floor Clerks to meet its business needs. No particular employee can be so authorized for more than three days in any calendar month. Applicants for membership may be issued special badges by the Exchange Services Department for a period of ten business days. (08/01/94)

301.08 Trainee Non-Members - The Floor Conduct Committee, or designated Exchange staff pursuant to delegated authority, shall, upon written request signed by a member and directed to the Secretary, issue badges to trainee non-member employees of members or member firms, authorizing admission of such trainees to the Exchange Hall. Such authorization shall be limited to a thirty-day period as to any trainee and no member or member firm shall be allowed to have more than one trainee on the Exchange Floor at any one time. Trainees may perform the duties of a "Floor Clerk" as defined in Regulation 301.05. The member or member firm which is the employer of the trainee shall be responsible for his conduct while he is on the Floor. The Member Firm Staff Services Department shall maintain proper records of these authorizations. No member or member firm shall use the provisions of this Regulation to avoid the purchase of a membership. 1377 (08/01/94)

301.10 Twenty-Five Year Member - When a member who has been a member for twenty-five years or more transfers his Membership privilege or delegates the rights and privileges of his Membership under Rule 221.00, said member shall be issued an Honorary Membership Badge by the Secretary's Office which will entitle the former member to access to the Trading Floor (with the exception of the Trading Pits), and to remain on the Association's mailing lists. 1379 (11/01/94)

301.11 AP - With the prior approval of the Floor Conduct Committee, or designated Exchange staff pursuant to delegated authority, an Associated Person and an applicant for membership may be admitted to the Floor of the Exchange for the limited purpose of observing various Floor activities of the members and other privileged non-members who have been allowed access to the Floor. Such admittance shall be limited to a period of two weeks (ten business days). 1380 (08/01/94)

301.12 Membership Floor Access Badges - Any member, membership interest holder or delegate whose floor access trading privileges have been revoked, suspended or lawfully discontinued for any reason must return the floor access membership badge and access card to the Member Services and Member Firm Staff Services Department within 30 days from the termination of floor access privileges. Any failure to comply with this Regulation will be referred to the Floor Conduct Committee.

Willful possession of a membership floor access badge or access cards by anyone not then entitled to the privileges of that membership shall be an act detrimental to the Association. (09/01/00)

305.00 Exchange Floor Fines - (See 519.00) and (See 520.00A) (08/01/94)

310.00 Time and Place for Trading - Dealings upon the Exchange shall be limited to the hours during which the Exchange is open for the transaction of business, and no member shall make any transaction in securities with another member except at the post designated for the particular security in which the transaction is made and no member shall make any transaction for future delivery of a commodity except in the pit assigned to trading in such commodity, except as provided in Regulations 444.01, 444.03, and Chapter 9B. No member shall make, in the rooms of the Association, a transaction with a non-member, in any commodity or in any security admitted to dealing on the Exchange; but this Regulation shall not apply to transactions with an employee of the Association or of the Clearing House engaged in carrying out arrangements approved by the Regulatory Compliance Committee to facilitate the borrowing and lending of money. 258 (11/01/94)

310.01 Access to Trading Pit - Trading in any commodity or option thereon shall be limited to an area specified by the Exchange Services Department. Non-members shall not be authorized to enter the trading areas except as otherwise provided in the Rules and Regulations. (08/01/94)

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311.00 Hours for Trading - (See 1007.00) (08/01/94)

311.00A Hours for Trading - Your Rules and Floor Committees have given careful consideration to reports of trading outside of the hours prescribed and recommend enforcement of Rule 1007.00. We feel that disciplinary action is warranted on any infractions.

Strict observance of the above requires that after the closing bell no orders should be transmitted to the Floor, nor should any orders be accepted by brokers for filling, nor should any public wire orders be sent to the pit, -all such being reported back to senders 'received too late, market closed.'

All members should caution clients who want orders filled on or near the close to enter such orders to be filled 'about the close,' so that the broker may handle them properly. On the last trading day of a current month it is essential that all orders to close contracts reach the traders in sufficient time to permit filling without congestion.

Members who trade the options underlying the Soybean Meal, Soybean Oil, Oat and Silver Futures markets may enter futures orders during the respective futures markets' "closing call rotations" providing that the futures orders are entered for the purpose of hedging an option position. 13R (04/01/99)

312.01 Holidays - The following days are declared to be holidays, to wit: New Year's Day (January 1), Martin Luther King, Jr. Day (3rd Monday in January), Washington's Birthday (3rd Monday in February), Good Friday, Memorial Day (last Monday in May), Independence Day (July 4), Labor Day (1st Monday in September), Thanksgiving Day (4th Thursday in November) and Christmas Day (December 25).

When any such holidays fall on Sunday, the Monday next following shall be considered such holiday. When any such holidays fall on Saturday, the Friday immediately preceding shall be considered such holiday. 1937 (12/01/99)

313.00 Sundays or Holidays - When a contract in commodities matures on Sunday, or on a holiday, performance thereof shall be made on the preceding business day. 256 (08/01/94)

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320.02 Wire and Other Connections - The privilege of telephonic or other wire connection between the office of a member and the Exchange shall not be enjoyed as a right of the member, but shall rest in the discretion of the Exchange.

The Exchange, in its discretion may grant or withhold such privilege from a member, and, in its discretion, without being obliged to assign any reason or cause for its action, may disconnect or cause to be disconnected any apparatus or means for such communication or may deprive any member of the privilege of using any public telephone or means of communication installed by the Exchange for the use of members. This Regulation shall not apply to wire or other connections relating to the Exchange's e-cbot system. 1031 (09/01/00)

320.03 Decisions of Exchange - Every decision of the Exchange, whereby a member is deprived of any such privilege, shall be immediately posted upon the bulletin board in the Exchange, and every member shall be deemed to have notice thereof.

No member shall, after such notice shall have been posted directly or indirectly furnish to the member named therein any facilities for communication between the office of the member so named and the Floor of the Exchange or between the office of the member so named and the office of any other member. 1032 (10/01/94)

320.04 Consent Required for Wires - No member shall establish or maintain wire connection of any description whatsoever or permit wireless communication between his office and the office of any nonmember corporation, firm, or individual transacting a banking or brokerage business, without having first obtained the approval of the Exchange therefor.

The applications for such connections or means of communication shall be in a form prescribed by the Exchange.

The use of public telephone or telegraph service in such manner as to amount to private connection shall be deemed to be within this Regulation. 1033 (08/01/94)

320.05 Registration with Exchange - Every such means of communication shall be registered with the Exchange, together with the telegraphic, telephonic, or wireless calls used in connection therewith; the Exchange may make such requirements governing said matters as it shall deem necessary or desirable. 1034 (08/01/94)

320.06 Notice of Discontinuance of Communications - Notice of the discontinuance of any such means of communication shall be promptly given to the Exchange; and the Exchange shall have power, at any time in its discretion, to order any such means of communication discontinued.

No such communication shall be other than by means of a wire or wireless system approved by the Exchange. 1035 (08/01/94)

320.07A Telephones - Exchange policy permits direct telephone communications to the Trading Floor from the members or member firms to the table or booth of a clearing member on the Trading Floor. 34R (08/01/94)

320.08 Conduct of Private Offices - The Exchange is empowered to examine into the conduct of all private offices or places of business receiving the continuous market quotations of the Association, and, in such places where the Exchange shall deem the continuance of such service detrimental to the best interests of this Association, the Exchange shall forthwith order a discontinuance of the quotations and shall report the facts immediately to the Finance Committee, which shall take whatever further action is necessary to uphold the good name and dignity of this Association. 1040 (08/01/94)

320.09 Telephone Wires and Television - No member of this Association shall, by messenger, signal, telephone, telegraph, or any other means whatsoever, convey or transmit continuously the market quotations from the Floor of the Exchange to any person, firm, or corporation located off the Floor of the Exchange, except with the permission and pursuant to the requirements of the Exchange. This does not prohibit ordinary conversation where dissemination of quotations is not contemplated.

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Such permission for telephone wires, if granted, shall be subject to charges as prescribed by Regulation 320.13. Such permission for closed-circuit television, if granted, shall be subject to charges as may be prescribed by the Finance Committee. 1041 (08/01/94)

320.12 Radio Broadcasting -

- (a) No member, firm, corporation or employee thereof shall transmit, by any kind of radio service, any market quotations, either securities, futures, cash grain on spot or to arrive, or any market information or gossip without the approval of the Exchange.
- (b) No quotations except those prevailing at the opening of the market; and at each thirty minutes thereafter; and at the close of the market, may be used for broadcasting.
- (c) Radio broadcasting stations must name the periods at which the quotations prevailed and designate them as furnished by the Board of Trade of the City of Chicago.
- (d) No member, firm, corporation, or employee thereof shall in any manner claim or be given credit for furnishing information for radio service, except as provided in section (c) of this Regulation.
- (e) Upon application, the Exchange may grant permission to individuals, firms, corporations, or employees thereof, to furnish the quotations of this Association to radio stations. The name of the individual, firm, corporation, or employees thereof, may be mentioned at the beginning and at the end of each period at which quotations are broadcast. In case there is more than one request to furnish this service at any location, the Exchange may divide the time equally upon a yearly basis. 1044 (08/01/94)

320.13 Commodity and Commodity Option Quotations - The transmission by private wire or other means of market quotations of any commodity or commodity option made on the Exchange shall be subject to the approval and control of the Exchange. Such quotations shall include all bids, asks, and market prices of any commodity or commodity option traded on the Exchange each business day between the opening of trading in such commodity or option and until thirty minutes after the close of such trading. Such quotations constitute valuable property of the Board of Trade which are not within the public domain. The transmission and receipt of such quotations shall be subject to such conditions, including the payment of applicable fees, as the Exchange shall impose. Failure to comply with such conditions shall subject any member receiving or distributing such quotations to disciplinary action including suspension from the Association. (08/01/94)

320.14 Transactions Made at other than Current Market - Transactions made at a price above that at which the same futures contract or options series is offered, or below that at which such futures or options contract is bid, are not made at the current market price for such futures or options contracts and shall be disallowed by the action of any two members of the relevant Pit Committee. If so disallowed, such transactions shall not be reported or recorded by the Exchange or, if already reported, shall be cancelled. A determination on whether a price(s) should be disallowed must be made within 10 minutes after the Pit Committee has been notified that the price has been called into question, otherwise the quote(s) in question must stand. A determination pursuant to this Regulation to disallow a transaction shall be final. (05/01/97)

320.15 Market Quotations - The reporter in each pit shall be the judge of what constitutes a proper range of quotations to be sent out, subject to the supervision of the Pit Committee in the respective pits.

Quotations sent out must be based on transactions made in the open market. The term "open market" means a bid or an offer openly and audibly made by a public outcry and in such a manner as to be open to all members in the pit at the time.

It is not permissible for members to reform a trade by changing the price at which orders have been filled, nor to report as filled orders that have not been filled. Any quotations based on a transaction made in the open market, already distributed or sent out over the wire, shall not be cancelled except as provided by Regulations 320.17, 320.18 and 320.14. (08/01/94)

320.16 Fast Quotations - Whenever price fluctuations in the pit(s) are rapid and the volume of business is large, the pit reporter, upon authorization of the Pit Committee Chairman or his designated representative from the Pit Committee, shall cause the "FAST" symbol to be used in conjunction with

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all Exchange quotation displays and records. (The "FAST" symbol shall be abbreviated "F" when used on Exchange quotation and display devices.) The Pit Committee shall determine at what time "FAST" market conditions began and terminated. When a market is designated "FAST", the Pit Reporter shall endeavor to activate a "FAST" market indicator clearly visible to the entire trading floor.

All prices in the range between those quoted immediately prior to and immediately following the "FAST" market designation are considered officially quoted whether or not such prices actually appear as trades on Exchange quotation displays and records. There shall be no discontinuances.

The consequence of "FAST" market conditions is that a penetrated limit order may not be able to be executed at the specified limit price.

In the event that a dispute arises concerning the execution of an order, the fact that a market was designated "FAST" shall constitute evidence that market conditions were rapid and volatile. A "FAST" designation does not nullify or reduce the obligations of the floor broker to execute orders with due diligence according to the terms of the order. Trading activities which violate the Rules and Regulations of the Exchange remain violations under "FAST" market conditions. (08/01/94)

320.17 Authority of Pit Committees over Quotation Changes and Insertions -

- (a) The Pit Committee Chairmen, Vice Chairmen or their Pit Committee designees may change an opening range only within 30 minutes after the opening of the commodity.
- (b) The Pit Committee Chairmen, Vice Chairmen or their Pit Committee designees may change a closing range only within 15 minutes after the closing of the commodity.
- (c) The Pit Committee Chairmen, Vice Chairmen or their Pit Committee designees may authorize the insertion of a quotation which affects a high or low at any time prior to 15 minutes after the closing of the commodity.
- (d) The Pit Committee Chairmen, Vice Chairmen or their Pit Committee designees may authorize any quotation change or insertion which does not affect an open, high, low or close at any time prior to the opening of the commodity on the next business day.

No Pit Committee member may authorize any quotation change, insertion or cancellation, if such individual has a personal or financial interest in such change, insertion or cancellation.

All quotation changes, insertions, or cancellations must be authorized by at least two Pit Committee members. However, if there is only one Pit Committee member who does not have a personal or financial interest in a change, insertion or cancellation, that one Pit Committee member may authorize such change, insertion or cancellation.

When a Pit Committee member is requested to authorize a quotation change, insertion or cancellation, the relevant pit shall be notified of such request. 1037 (09/01/96)

320.17B Authority of Pit Committees over Quotation Changes and Insertions - Futures Options (Puts and Calls) - In respect to Quotation Changes and Insertions under Regulation 320.17, the Pit Committee may change a closing range only within 30 minutes after the close of each Futures Options contract (Puts and Calls) and may authorize the insertion of a quotation which affects a high and low at any time prior to 30 minutes after the close of each Futures Options contract (Puts and Calls). (08/01/94)

320.18 Authority of the Market Report Department and the Regulatory Compliance Committee over Quotation Changes and Insertions -

- (a) The Market Report Department may review and authorize any request for a quotation change or insertion which was not reviewed by the Pit Committee or which is not encompassed by Regulation 320.17

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1038 (09/01/02)

320.19 Opening and Closing Orders - For open outcry Regular Trading Hours, orders entered prior to or on the opening (or resumption) of the market, as applicable and orders effected by such opening (or resumption) orders, as applicable shall not be required to be executed at a specified price due to the unique and rapid market conditions existing during an opening or a resumption. Similarly, orders entered for execution on the close of the market and orders effected by such closing orders shall not be required to be executed at a specific price due to the unique and rapid market conditions existing during a close.

If stop orders are elected within the opening or resumption range, floor brokers who are unable to execute those orders within the opening or resumption range, as applicable, while diligently acting in conformity with the rules and regulations of the Association, shall not be held liable. Stop orders elected during the opening (or resumption) range automatically become market orders and should be executed at the prevailing market, which may or may not be within the opening (or resumption) range. If stop orders are elected within the closing range, floor brokers who are unable to execute such orders, while diligently acting in conformity with the rules and regulations of the Association, shall not be held liable. (09/01/98)

321.00 Price Limits - The Regulatory Compliance Committee at any time, upon ten hours' notice by Regulation, may provide that there shall be no trading during any day in any grain, provisions, or cottonseed oil for delivery in any specified month at prices more than a fixed limit above or below the average closing price of the preceding business day. 83 (C.R. 1008.01) (08/01/94)



325.02 Foreign Crop Reports - When a member, employing a crop reporter, receives from the reporter a statement concerning foreign crop conditions to which publicity is given, the member shall file immediately a verbatim copy of the report in the office of the Secretary. 1802

(08/01/94)

330.00 Floor Brokers - A member, who executes orders for another member and who is not a member of the Clearing House, must immediately give up the name of a clearing member. A floor broker trading for a member shall be liable as principal for the performance of the contract except that in the case of commodities his liability shall terminate when the transaction is accepted by the principal. 200 (08/01/94)

330.00A Brokers and Clearing Members - Trades between members of the Clearing House must be confirmed within one hour by depositing at the office of the Clearing House a check slip or memorandum giving the name of the buyer and seller, the commodity sold, the amount thereof, the delivery month, and the purchase price. 4R (08/01/94)

330.01 Floor Broker and Floor Trader Registration - No member may execute any trade on the floor of the Exchange for any other person unless the member is registered or has been granted a temporary license as a floor broker, nor may a member execute any trades on the floor of the Exchange for his or her own account unless the member is registered or has been granted a temporary license as a floor trader, or has been granted a temporary license as a floor broker to act as a floor trader, in accordance with Section 4f of the Commodity Exchange Act and Commodity Futures Trading Commission Regulations 3.11 and 3.40, and such temporary license or registration has not been terminated, revoked or withdrawn.

A floor broker or floor trader shall be prohibited from engaging in any activities requiring registration, or from representing himself to be registered or the representative or agent of any registrant, during the period of any suspension of registration or membership privileges or the denial of floor access. Willful failure to comply with this Regulation may be deemed an act detrimental to the interest of the Association. (08/01/94)

330.02 Maintenance of Floor Broker and Floor Trader Registration - Each member registered as a floor broker or floor trader must promptly submit to the Exchange any changes in the information contained in such member's registration application (Form 8-R) or any supplement thereto. All floor brokers and floor traders must review their registration information every three years in accordance with Commodity Futures Trading Commission ("CFTC") Regulation 3.11(d). Additionally, the Exchange shall periodically require such members to confirm that their floor broker registration applications contain complete and accurate information.

Requests for withdrawal of floor broker or floor trader registration must be made on Form 8-W and filed with the National Futures Association and the Association in accordance with CFTC Regulation 3.33.

All registered floor brokers and floor traders must comply with Appendix B to Part 3 of the CFTC's Regulations - Statement of Acceptable Practices with respect to Ethics Training. In this regard, all registered floor brokers and floor traders shall become familiar with, and keep abreast of changes to, the Rule and Regulations of the exchange, rule interpretations issued by the Exchange, and relevant provisions of the Commodity Exchange Act and CFTC Regulations. (12/01/01)

330.03 Broker Associations - Two or more Exchange members with floor trading privileges, of whom at least one is acting as a floor broker, shall be required to register with the Exchange as a Broker Association, within ten days after establishment of the Broker Association, if they: (1) engage in floor brokerage activity on behalf of the same employer, (2) have an employer and employee relationship which relates to floor brokerage activity, (3) share profits and losses associated with their brokerage or trading activity, or (4) regularly share a deck of orders.

The Broker Association shall file its registration statement in a form provided by the Exchange. Such registration statement shall specifically disclose whether the members of the broker association share commissions, profits, losses or expenses associated with their brokerage or trading activity with each other or with any other individual or entity. In addition, such registration statement shall disclose whether or not the members of the broker association have any other business relationships with one another, whether related or unrelated to Exchange business. Members of the broker association shall be required to provide information regarding such other business relationships, including books and records relating to such businesses, upon the request of OIA. Any registration information provided to the Exchange which becomes deficient or inaccurate must be updated or corrected promptly.

A member of a Broker Association shall be prohibited from receiving or executing an order unless the Broker Association is registered with the Exchange.

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Members of a broker association may not share profits or losses associated with their personal trading activity by direct or indirect means.

No registered broker association or member thereof shall permit a non-member or non-member firm to have any direct or indirect profit or ownership interest in a registered broker association. Moreover, no registered broker association or member thereof shall permit a member who is not involved in the pre-execution or execution of customer orders to have any direct or indirect profit or ownership interest in a registered broker association.

The Board may establish limits on the percentage of trading between a member of a broker association and (1) other members of broker associations with which he is affiliated; or (2) members of other broker associations which are positioned contiguously to his broker association in the trading pit.

Any such limits established by the Board shall take account of liquidity and such other conditions, from contract to contract, and shall only apply to the most active month or months of any contract. Compliance shall be measured separately for each full calendar month.

The Regulatory Compliance Committee may grant exceptions to the percentage limits on intra-association or contiguous association trading in circumstances where a broker association can demonstrate that compliance with the limits may reduce liquidity or impede the creation of new business in the affected market. (04/01/98)

330.04 Registration of Members Trading in U.S. Treasury Bond Futures - Each Exchange member with floor trading privileges who customarily stands on the top step of the U.S. Treasury Bond futures pit shall be required to register with the Exchange, identifying his affiliation, location and occupation or duties. Such individuals shall file their registration statements in a form provided by the Exchange. Any registration information provided to the Exchange which becomes deficient or inaccurate must be updated or corrected promptly. (09/01/94)

331.01 Price of Execution Binding - The price at which an order for commodities is executed on the Exchange shall be binding notwithstanding the fact that an erroneous report in respect thereto may have been rendered. A member shall not guarantee the price of execution to any customer, but a floor broker's or clearing firm's error in handling a customer order may be resolved by a monetary adjustment in accordance with Regulation 350.04. 1841 (09/01/94)

331.01a Acceptable Orders - Market orders to buy or sell, closing orders to buy or sell, spread orders, straight limit orders to buy or sell, and straight stop orders to buy or sell shall be permitted during the last day of trading in an expiring future. Time orders, contingency orders of all kinds, market on close intermonth spread orders involving an expiring future and cancellations that reach the Trading Floor after 11:45 a.m. on the last day of trading in an expiring future may involve extraordinary problems and hence will be accepted solely at the risk of the customer. This Regulation shall only apply to open outcry Regular Trading hours. 32R (09/01/98)

331.02 Acceptable Orders - The following orders are acceptable for execution in this market.

- (1). Market order to buy or sell - A market order is an order to buy or sell a stated amount of commodity futures contracts at the best price obtainable.
- (2). Closing orders to buy or sell - A closing order to buy or sell is a market order which is to be executed at or as near the close as practicable or on the closing call in a call market.
- (3). Limit order to buy or sell - A limit order is an order to buy or sell a stated amount of commodity futures contracts at a specified price, or at a better price, if obtainable.
- (4). Stop order to buy or sell - A stop order to buy becomes a market order when the stop price is bid or a transaction in the commodity futures contracts occurs at or above the stop price. A stop order to sell becomes a market order when the stop price is offered or a transaction in the commodity futures contract occurs at or below the stop price.
- (5). Stop limit order to buy or sell (where the price of the limit is the same as the stop price only) - A stop limit order to sell becomes a limit order executable at the limit price or at a better price, if obtainable when a transaction in the commodity futures contract is offered or occurs at or below the stop price. A stop limit order to buy becomes a limit order executable at the limit price or at a

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better price, if obtainable when a transaction in the commodity futures contract is bid or occurs at or above the stop price.

- (6). DRT ("Disregard Tape" or "Not Held") Order - An order giving the floor broker complete discretion over price and time in execution of a trade, including discretion to execute all, some or none of the order. It is understood the floor broker accepts such an order solely at the risk of the customer on a "not held" basis.
- (7). All-Or-None order to buy or sell - An order to be executed only for its entire quantity at a single price and with a size at or above a predetermined threshold. Such orders must be executed in accordance with Regulation 331.03.

Orders other than those listed above will be accepted solely at the broker's discretion on a not held basis. This Regulation shall only apply to Regular and Night trading hours. (07/01/00)

331.03 All-Or-None Transactions - Board of Directors shall determine the minimum thresholds for and the commodities in which All-Or-None transactions shall be permitted. The following provisions shall apply to All-Or-None trading:

- (a) A member may request an All-Or-None bid and/or offer for a specified quantity at or in excess of the applicable minimum threshold designated. The request shall be made during the hours of regular trading in the appropriate trading area.
- (b) A member may respond by quoting an All-Or-None bid or offer price. A bid or offer in response to an All-Or-None request shall be made only when it is the best bid or offer in response to such request, but such price need not be in line with the bids and offers currently being quoted in the regular market.
- (c) A member shall not execute any orders by means of an All-Or-None transaction unless the order includes specific instructions to execute an All-Or-None transaction or the All-Or-None bid offer is the best price available to satisfy the terms of the order.
- (d) An All-or-None bid or offer may be accepted by one or more members provided that the entire quantity of the All-or-None order is executed at a single price and that each counterparty to the order accepts a quantity at or in excess of the designated minimum counterparty threshold. Each order executed opposite an All-or-None order must be for a quantity that meets or exceeds the minimum counterparty threshold. Separate orders may not be bunched to meet the minimum counterparty threshold.
- (e) The price at which an All-Or-None transaction is bid, offered or executed will not elect conditional orders (e.g., limit orders, stop orders, etc.) in the regular market or otherwise affect such orders.
- (f) All-Or-none transactions must be reported to the reporter in each pit who shall designate the price quotes for All-Or-None transactions as All-or-None price quotes.
- (g) Under no circumstances shall All-or-None orders to buy and sell both be executed in their entirety opposite each other.
- (h) All-or-None transactions are permitted in the following contracts subject to the listed minimum quantity thresholds.

Contract	All-or-None Minimum	Counterparty Minimum
10-Year Interest Rate Swap futures	1,000	100
10-Year Interest Rate Swap futures options	1,000	100
5-Year Interest Rate Swap futures	1,000	100
5-Year Interest Rate Swap futures options	1,000	100
10-Year Agency Note futures	200	50
10-Year Agency Note/10-Year T-Note spread	100	50
5-Year Agency Note futures	200	50
5-Year Agency Note/5-Year T-Note spread	100	50

2-Year Treasury Note futures	200	50
10-Year Municipal Note Index futures	200	50

All-or-None intra-commodity spread transactions may be executed in permitted contracts provided that each leg of the spread meets the All-or-None threshold for that contract. (01/01/03)

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331.04 Execution of Simultaneous Buy and Sell Orders for Different Account Owners - A member who has received both buying and selling orders from different account owners for the same commodity and the same delivery month or, for options, the same option, may execute such orders for and directly between such account owners provided that the member shall first bid and offer openly and competitively by open outcry at the same price, stating the number of contracts. If neither the bid nor the offer is accepted within a reasonable time, the orders may then be matched by the member in the presence of a member of the Pit Committee. If either the bid or the offer is accepted in part, the remainder of the orders may be matched pursuant to the requirements of this Regulation. The member making the trade shall clearly identify it on the order or other document used to record the trade, shall note thereon the time of execution to the nearest minute, and shall present such record to such member of the Pit Committee for verification and initialing. (10/01/02)

332.00 Orders Must Be Executed in The Public Market - All orders received by any member of this Association, firm or corporation, doing business on Change, to buy or sell for future delivery any of the commodities dealt in upon the Floor of the Exchange (except when in exchange for cash property) must be executed competitively by open outcry in the open market in the Exchange Hall during the hours of regular trading and, except as specifically provided in Regulations 331.03, 331.04 and 350.10 under no circumstances shall any member, firm or corporation assume to have executed any of such orders or any portion thereof by acting as agent for both buyer and seller either directly or indirectly, in their own name or that of an employee, broker or other member of the Association; provided, that on transactions where brokers as agents for other members meet in the execution of orders in the open market and without prearrangement unintentionally consummate a contract for the one and same clearing member principal, such transactions shall not be considered in violation of this Rule. 202A (07/01/00)

332.01 Open Market Execution Requirement - All futures transactions resulting in change of ownership (except those involving the exchange of futures in cash transactions) must be made in the open market in the manner prescribed by Rules 332.00 and 310.00. 1866 (08/01/94)

332.01A Bidding and Offering Practices - Bidding and offering practices on the Floor of the Exchange must at all times be conducive to competitive execution of orders, as required by Rule 332.00. Bids or offers of 'all the way to,' 'all you have up (or down) to,' 'everything you have up (or down) to,' and similar expressions, are not conducive to competitive execution of orders, and are expressly deemed to be in violation of Rule 332.00. 47R (08/01/94)

332.01B Conformation with Section 1.39 of The Commodity Exchange Act - The Board of Directors at their regular meeting held on Tuesday, September 6th, 1955, ruled that inasmuch as the Chicago Board of Trade has no Rule that conforms to Section 1.39 of the Commodity Exchange Act, Rule 332.00 of the Board's Rules and Regulations prevails. 28R (08/01/94)

332.02 Trade Data - Each member executing transactions on the Floor of the exchange shall enter or cause to be entered on the record of those transactions an indicator designating the time bracket within the trading session in which each execution occurred. Each clearing member shall enter only the bracket information submitted to the clearing member by the member executing the trades in the designated form on the record of transactions submitted to the Clearing House. The brackets and their designations will be as follows:

7:00-7:15 a.m.	A	11:30-11:45 a.m.	S	5:00-5:15 p.m.	A
7:15-7:30 a.m.	B	11:45-12:00 noon	T	5:15-5:30 p.m.	B
7:30-7:45 a.m.	C	12:00-12:15 p.m.	U	5:30-5:45 p.m.	C
7:45-8:00 a.m.	D	12:15-12:30 p.m.	V	5:45-6:00 p.m.	D
8:00-8:15 a.m.	E	12:30-12:45 p.m.	W	6:00-6:15 p.m.	E
8:15-8:30 a.m.	F	12:45-1:00 p.m.	X	6:15-6:30 p.m.	F
8:30-8:45 a.m.	G	1:00-1:15 p.m.	Y	6:30-6:45 p.m.	G
8:45-9:00 a.m.	H	1:15-1:30 p.m.	Z	6:45-7:00 p.m.	H

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9:00-9:15 a.m.	I	1:30-1:45 p.m.	2	7:00-7:15 p.m.	I
9:15-9:30 a.m.	J	1:45-2:00 p.m.	3	7:15-7:30 p.m.	J
9:30-9:45 a.m.	K	2:00-2:15 p.m.	4	7:30-7:45 p.m.	K
9:45-10:00 a.m.	L	2:15-2:30 p.m.	5	7:45-8:00 p.m.	L
10:00-10:15 a.m.	M	2:30-2:45 p.m.	6	8:00-8:15 p.m.	M
10:15-10:30 a.m.	N	2:45-3:00 p.m.	7	8:15-8:30 p.m.	N
10:30-10:45 a.m.	O	3:00-3:15 p.m.	8	8:30-8:45 p.m.	O
10:45-11:00 a.m.	P	3:15-3:30 p.m.	9	8:45-9:00 p.m.	P
11:00-11:15 a.m.	Q			9:00-9:15 p.m.	Q
11:15-11:30 a.m.	R			9:15-9:30 p.m.	R

The first time bracket in the trading session of each respective commodity will be less than 15 minutes, as determined by the Regulatory Compliance Committee for each particular contract, and will be designated by a "dollar" sign "\$".

The last time bracket in the trading session of each respective commodity will be one minute or less, as determined by the Regulatory Compliance Committee for each particular contract, and will be designated by a "percent" sign "%"; provided however, that each respective contract market's close may be expanded or reduced by an amount of time which shall not exceed one minute due to unique market conditions on a particular trade date as determined in the discretion of each commodity's Pit Committee; any closing period other than that established by the Regulatory Compliance Committee shall be communicated to the market at least five minutes prior to the commencement of the revised close for that date.

The modified closing call in the trading session of each respective commodity will be designated by a "pound" sign "#".

If the member executing the trades does not submit a bracket designation to the clearing member, the clearing member shall enter "?" as the bracket designation when submitting the record of such transaction to the Clearing House. 1979 (09/01/94)

332.03 Lost Orders - Any broker who has reason to believe that an order has been lost or misplaced, shall immediately notify the Secretary of the Exchange, who shall thereupon have the matter investigated. (08/01/94)

332.04 Records of Floor Traders - Each member executing transactions on the Floor of the Exchange for his or her personal account [Type 1 trades as defined in CFTC Regulation 1.35(e)] must execute such transactions on the Floor of the Exchange using pre-printed sequentially pre-numbered trading cards. A new trading card must be used at the beginning of each time bracket as designated in Regulation 332.02.

Each member must record the transactions in exact chronological order of execution on sequential lines of the trading card (no lines may be skipped). Provided, however, that if lines remain after the last execution recorded on a trading card, the remaining lines must be marked through. All transactions which are recorded on a single trading card must be recorded on the same side of such trading card. No more than six transactions may be recorded on each trading card.

The trading cards must contain pre-printed member identification which will include, but will not be limited to, the trading acronym and the full name of the member. The trading cards must also contain preprinted bracket designations. (01/01/96)

332.041 Accountability of Trading Cards - Each member executing transactions on the Floor of the Exchange, and his clearing member(s), shall establish and maintain procedures that will assure the complete accountability of all pre-printed sequentially pre-numbered trading cards used by such member on a daily basis. Such trading cards must be distinguishable from other trading cards used by the member during a one week period. (08/01/94)

332.05 Card Collection - At such times and in such manner as designated by the Regulatory Compliance Committee, each member shall provide his clearing member with trading documents which are relied upon for transactional information necessary for submission to the clearing system

containing those trades that have been executed thus far during that day. Trading documents include trading cards of members' personal and proprietary trades, trading cards of one member reflecting trades of another member (CTI 3 pursuant to CFTC Regulation 1.35 (e)) and floor order tickets.

A member may correct any errors on trading documents by crossing out erroneous information without obliterating or otherwise making illegible any of the originally recorded information. Alternatively, with regard to trading cards only, a member may correct any errors by rewriting the trading card. However, if a trading card is rewritten to correct erroneous information, the member shall provide his clearing member with the top ply of the original trading card, or in the absence of plies, the original trading card, which has been subsequently rewritten, in accordance with the same collection schedule designated by the Regulatory Compliance Committee for trading documents relied upon for clearing purposes.

Following the collection of the above-stated documents, the clearing member shall ensure that all such documents receive an Exchange-designated time stamp upon collection. (12/01/96)

332.06 Records of Proprietary Orders - Immediately upon receipt on the Floor of the Exchange of an order from a proprietary or house account (Type 2 trades as defined in CFTC Regulation 1.35(e)) each member or registered eligible business organization shall prepare a written record of the order. It shall be dated and time stamped when the order is received and shall show the account designation.

Such written records of proprietary orders of both clearing and non-clearing member firms need not be prepared if the members executing such transactions on the Floor of the Exchange are employed by such member firms and meet the recordkeeping requirements set forth in Regulation 332.04. However, such members must register with the Exchange and may not trade for their personal accounts. The executing members may record proprietary orders in this manner if they have initiated such orders, or if their employing firm has placed proprietary orders with them for execution. (10/01/00)

332.07 Accountability of Trading Documents - A member is accountable for all documents used in the execution of trades, including trading cards used for his personal account and other documents used by the member in the execution of trades made for others.

Floor brokers who record flashed order executions on broker cards must record on the broker card, the corresponding clearing firm number and order ticket number for every flashed order execution. In addition, floor brokers who record flashed order executions on broker cards must use non-erasable ink and may correct any errors by crossing out the erroneous information without obliterating or otherwise making illegible any of the originally recorded information. (12/01/96)

332.08 CTR Recordkeeping and Data Entry Requirements - Pursuant to Regulations 332.02, 332.04, 332.041, 332.05, 332.06 and 332.07 and 332.09, each member and member firm shall keep, in an accurate and complete manner, all books and records required to be made or maintained under the Rules and Regulations regarding submission of data to the Exchange or the Clearing Corporation for CTR purposes. All trade data submissions must be done in a correct and timely manner.

Trade data includes, but is not limited to, the time bracket, executing broker, opposite broker, transaction type, customer type indicator ("CTI") code [as defined in CFTC Regulation 1.35 (e)], trade timing and trade sequencing information.

If the member executing the trade does not provide the required data to the clearing member, the clearing member shall enter "?" as the designation when submitting the record of such transaction to the Clearing House. If the trade cannot clear without the specific information, it is the clearing firm's obligation to enter a "?" designation and to obtain promptly from the member who executed the trade the complete and correct information concerning the trade. (08/01/94)

332.09 Member Trading for Another Member on the Trading Floor -

(a) At the time of execution, every order, which is not reduced to writing, that a member receives from another member who is present on the trading floor must be recorded. The member executing the order must record the time of execution to the nearest minute on the trading card or other document used to record the trade and must return this card or document to the initiating member.

A member placing a verbal order, except for orders involving options-futures combinations and other spread trades where the initiating member personally executes at least one leg of the spread,



shall simultaneously make a written record of the order and record the time of placement to the nearest minute. The order and the time shall be recorded on the member's trading card, which shall be in sequence with other trading cards used by that member. The trading card used to record the placement of the verbal order and the trading card or document used to record the execution of the order must be submitted together to the clearing member by the member placing the order or designated representative in accordance with the collection schedule established by the Exchange.

- (b) Every written order that is initiated by a member for his own account while on the Exchange floor must be dated and time stamped upon transmission for execution, and when returned or, in the case of an arbitrage or a flashed transaction, when confirmed or cancelled. (08/01/94)

332.10 Prohibition of Trading or Placing Verbal or Flashed Orders from the Clerks Step in Financial Futures and Options Contracts - Any Exchange member who performs the functions of a floor clerk or broker assistant who also stands in the area designated for broker assistants in any financial future or option pit which is clearly defined as the area behind the top step is prohibited from placing verbal orders or flashed orders for his personal account while standing in that location. Such members are also prohibited from executing trades while standing in this location. For the purposes of this Regulation, trading is defined as executing trades for one's personal account, an account of another member or a customer. Such members may only enter orders for their personal accounts by placing such orders through the normal customer order flow process which requires that the member leave the pit to place an order. (07/01/97)

333.00 Trades of Non-Clearing Members -

- (a) PRIMARY CLEARING MEMBER. Each non-clearing member who executes trades on Change must have one and only one Primary Clearing Member who will accept and clear the member's personal trades. A written authorization must be on file with the Member Services Department authorizing such non-clearing member, without qualification, to submit trades through such Primary Clearing Member, and designating such clearing member as the non-clearing member's Primary Clearing Member. Such Primary Clearing Member acts as Commission merchant for the non-clearing member. Such Primary Clearing Member, acting as commission merchant, shall be liable upon all trades made by the non-clearing member for the account of the Primary Clearing Member (unless authorization is revoked as provided in (c) below) and shall be a party to all disputes arising from trades between the authorized non-clearing member and another member or member firm made for the account of the Primary Clearing Member.
- (b) OTHER CLEARING MEMBERS. A non-clearing member may have one or more clearing members, in addition to his Primary Clearing Member, through whom he may also clear his trades, provided he has written permission to do so from his Primary Clearing Member. However, as provided in Rule 252.00, such clearing member's claims shall be subordinated to the claims of the Primary Clearing Member(s). Such written permission of the Primary Clearing Member must be filed with the Member Services Department. Written authorization from the other clearing member, authorizing the nonclearing member to make trades on Change for the account of the clearing member, must also be filed with the Member Services Department. Thereafter, such clearing member acting as commission merchant, shall be liable upon all trades made by the non-clearing member for the account of the clearing member (unless authorization is revoked as provided for in (c) below) and shall be a party to all disputes arising from trades between the authorized non-clearing member and another member or member firm made for the account of the clearing member. Notwithstanding the above, a non-clearing member may only obtain clearing authorization for transactions entered through the e-cbot system from a single clearing member in accordance with 9B.08.
- (c) REVOCATION OF AUTHORIZATION. A revocation of authorization, either by a Primary Clearing Member or another clearing member, must, to be effective, be in writing and be posted by the Secretary upon the bulletin board of the Exchange. A non-clearing member whose Primary Clearing Member has revoked authorization shall be denied access to the Floor until another clearing member has designated itself as the non-clearing member's Primary Clearing Member, pursuant to (a) above. Revocation of a non-clearing member's authorization to execute transactions through the e-cbot system shall be in accordance with 9B.08.

- (d) The non-clearing member will not be permitted to submit a new primary clearing member authorization or clear trades through a new primary clearing member until such time as the former primary clearing member files a release with the Member Services Department. A primary clearing member who has revoked primary clearing member status to a non-clearing member must give the non-clearing member release upon the non-clearing member's request when the non-clearing member has obtained a new primary clearing member unless (1) the non-clearing member has current debts related to the conduct of business as a broker, trader or commission merchant at the primary clearing member equal to or greater than the amount specified in Rule 286.00; or (2) the clearing member is the guarantor under an existing valid guarantee of a loan which had been made to the non-clearing member exclusively for the purpose of financing the purchase of the non-clearing member's membership, such guarantee in an amount equal to or greater than the amount specified in Rule 286.00.
- (e) PRIORITY OF DEBTS FOR PURPOSES OF RULE 252.00. Upon transfer of the non-clearing member's membership, any indebtedness owed to a former Primary Clearing Member at the time of revocation which was incurred subsequent to authorization and which continues to be owed such former Primary Clearing Member(s) shall be paid in the chronological order of revocation (oldest debt first), in the manner and to the extent allowed under Rule 252.00. 204 (09/01/00)

333.01 Error Accounts -

- (a) Each non-clearing member who acts as a floor broker or is registered with the Commodity Futures Trading Commission or a registered futures association as a floor broker (i) shall maintain a personal account with his Primary Clearing Member into which he places brokerage errors; (ii) may maintain personal error accounts at one or more secondary clearing members, in addition to his Primary Clearing Member, provided he has written permission to do so from his Primary Clearing Member on file with Member Services Department.
- (b) Each clearing member who carries an error account agrees to accept and clear the broker's trades involving brokerage errors. A written authorization must be filed with the Member Services Department authorizing the broker, without qualification, to submit trades involving brokerage errors through such clearing member. Such clearing member shall be liable upon all trades involving brokerage errors that are submitted to the error account (unless authorization is revoked as provided herein) and shall be a party to all disputes involving trades between the broker, in his capacity as a broker, and another member or member firm that may ultimately be submitted to the error account. Revocation of authorization granted pursuant to this Regulation must be filed in writing with the Member Services Department and will become effective when written notice thereof is posted on the Exchange bulletin board by the Secretary. (08/01/94)

333.02 Primary Clearing Members' Membership File Review - Before a clearing member grants Primary Clearing Member authorization to any individual pursuant to Rule 333.00 a duly authorized representative of such clearing member must:

- a) review such individual's membership file as maintained by the Association; and
- b) confirm, in writing, to the Department of Member Services of the Association, that this review was conducted.

The written confirmation referenced above will be on a form prescribed by the Association and will be retained by the Association in the applicable individual membership file. (08/01/94)

333.03 Funds in Trading Accounts Carried by Clearing Members - The following shall apply to trading accounts which are carried for non-clearing members by clearing members pursuant to Rule 333.00:

- (a) If a non-clearing member trades in excess of written limits prescribed by the carrying clearing member, and/or if the non-clearing member is alleged to have engaged in reckless and unbusinesslike dealing inconsistent with just and equitable principles of trade, the disposition of any and all funds in the applicable trading accounts(s) may be suspended by the carrying clearing member, or by the Association through the Board of Directors, Executive Committee, Floor Governors Committee or Arbitration Executive Committee pending a determination by the Arbitration Committee regarding the appropriateness of the non-clearing member's conduct.

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Any Arbitration Committee decision to release trading account funds to the non-clearing member shall include the payment of interest by the clearing member to the non-clearing member as determined by the Arbitration Committee.

(b) Either the carrying clearing member or the Association may direct that the disposition of trading account funds be suspended pursuant to subparagraph a) of this regulation. However, if such suspension is initiated by the clearing member the suspension will be subject to review within one business day by the Board or one of the Committees designated in paragraph (a). The purpose of this review will be to determine if sufficient grounds exist to warrant continuation of the suspension pending a final determination by the Arbitration Committee. Association proceedings in this regard will be conducted in accordance with Regulation 540.60 "Procedures for Member Responsibility Actions". (05/01/94)

334.00 Trades of Non-Clearing Members - (See 431.00) (08/01/94)

335.00 Bids and Offers in Commodities Subject to First Acceptance - Any offer made on Change to buy or sell any commodity for future delivery is subject to immediate acceptance by any other member. All such offers shall be general offers and shall not be specified for acceptance by particular members. 254 (08/01/94)

336.00 Bids and Offers in Commodities Subject to Partial Acceptance - If an offer is made on Change (the Exchange) to buy or sell any specified quantity of any commodity for future delivery, such offer shall be deemed an offer to buy or sell all or any part of such specified quantity and, if not immediately accepted for the entire quantity, it may be accepted for a quantity less than specified. Orders or offers to buy or sell a specified quantity or none shall not be allowed, except as specifically provided in Regulation 331.03. 255 (07/01/00)

336.01 Guaranteeing Terms of Execution - Any member or member firm who receives an order to buy or sell a futures contract or option on a futures contract for execution on the Exchange is prohibited from directly or indirectly guaranteeing the execution of the order or any of its terms such as the quantity or price. A member may only report an execution that has occurred as a result of open outcry or has been effected through an Exchange approved automated order entry facility.

This regulation shall not be construed to prevent a member or member firm from assuming or sharing in the losses resulting from an error or mishandling of an order. (08/01/94)

337.01 Orders Involving Cancellations Accepted on a 'Not Held' Basis - All orders involving cancellations that reach the Trading Floor 10 minutes or less before the opening or resumption of the market, as applicable and all orders involving cancellations that reach the Trading Floor 10 minutes or less before the close of the market may involve extraordinary problems and hence will be accepted solely at the risk of the customer on a 'not held' basis.

All orders must be received by the floor broker within a reasonable time prior to the opening, the resumption or the close of the market, as applicable. Such other orders not received by the floor broker within a reasonable time prior to the opening, the resumption or the close of the market will be accepted solely at the risk of the customer on a 'not held' basis. 1847 (09/01/98)

350.00 Trade Checking Penalties - (See 563.00) (08/01/94)

350.01 Failure to Check Trades - If any member, firm or corporation is unable with diligent effort to check any future delivery transaction made with another member, firm or corporation, then such transaction shall be closed out for the account of whom it may concern by the member, firm or corporation claiming the contract at the earliest reasonable opportunity in order to establish any claim for loss because of such failure to check by the other party to the contract. 1811 (08/01/94)

350.02 Responsibility For Customer Orders - A floor broker or clearing member shall exercise due diligence in the handling and execution of customer orders. The Exchange's Arbitration Committee is authorized to determine whether a broker or clearing firm fulfilled their obligations and whether an adjustment is due to the customer. The Committee may consider the nature of the order and existing market conditions, including the existence of a "FAST" market, at the time the broker or clearing member acted or failed to act. However, a "FAST" designation does not nullify or reduce the

obligations of the floor broker to execute orders with due diligence according to the terms of the order.

Except in instances where there has been a finding of willful or wanton misconduct, in which case the party found to have engaged in such conduct cannot avail itself of the protections in this provision, neither floor brokers nor member firms, or other persons acting as agents nor any of their officers, directors or employees, shall be liable for any loss, damage or cost (including attorney's fees and court costs), whether direct, indirect, special, incidental, consequential, lost profits or otherwise of any kind, regardless of whether any of them has been advised or is otherwise aware of the possibility of such damages, arising out of the use or performance of the CBOT's Electronic Order Routing System, any component(s) thereof, or any fault, failure, malfunction or other alleged defect in the Electronic Order Routing System, including any inability to enter or cancel orders, or any fault in delivery, delay, omission, suspension, inaccuracy or termination, or any other cause in connection with the furnishing, performance, maintenance, use of or inability to use all or any part of the Electronic Order Routing System, including but not limited to, any failure or delay in transmission of orders or loss of orders resulting from malfunction of the Electronic Order Routing System, disruption of common carrier lines, loss of power, acts or failures to act of any third party, natural disasters or any and all other causes.

The foregoing shall apply regardless of whether a claim arises in contract, tort, negligence, strict liability or otherwise. The foregoing limitations are cumulative and shall not limit or restrict the applicability or any other limitation or any rule, regulation or bylaw of the Exchange or the Clearing House. The foregoing shall not limit the liability of any floor broker or member firms, or other person acting as agent or any of their respective officers, directors or employees for any act, incident, or occurrence within their control.

If any of the foregoing limits on the liability of the floor brokers or member firms or other persons acting as agents or any of their officers, directors or employees should be deemed to be invalid, ineffective, or unenforceable and a customer sustains a loss, damage or cost (including attorney's fees and court costs) resulting from use of the Electronic Order Routing System, the entire liability of the floor brokers or member firms and their agents or any of their officers, directors or employees shall not exceed the brokerage commissions and any other charges actually paid by the customer.

Notwithstanding any of the foregoing provisions, this provision shall in no way limit the applicability of any provision of the Commodity Exchange Act, as amended, and Regulations, thereunder. (01/01/99)

350.03 Identification of Floor Trading Personnel and Floor Traders - Every member is required to wear an identification badge issued by the Association in a prominent position and in proper fashion to be admitted to the Trading Floor and must so wear the badge at all times while he is on the Trading Floor. Failure to wear a badge shall be considered an act detrimental to the welfare of the Association (Rule 504.00). 1955 (08/01/94)

350.04 Outtrades and Errors and Mishandling of Orders -

A. Outtrades - If a floor broker discovers, either intraday or interday, that all or some portion of a customer order was executed but cannot be cleared, the broker shall do one of the following:

1. Re-execute the order in the market and adjust the customer by check if the re-execution price is worse than the original execution price. If the re-execution price is better than the original execution price, the customer is entitled to the better price.
2. Assign the opposite side of the portion that cannot be cleared to his or her error account and assign a fill to the customer at the execution price. The floor broker shall not liquidate the assigned position until at least ten minutes have elapsed after the execution of the order giving rise to the outtrade and, in any event, after the bracket period in which the outtrade arose has ended. These liquidation restrictions shall not apply to a liquidation during a Modified Closing Call. Any profits resulting from the liquidation of the assigned position belong to the floor broker, and may be retained or disbursed to whomever he chooses, in his discretion.

A floor broker may not use the assignment process to clear unfilled or underfilled orders, orders that were

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erroneously executed in the wrong contract month, strike price, put vs. call or side of the market, or price outrades.

B. Errors and Mishandling of Orders - If a broker fails to execute an order in accordance with its instructions, or underbuys or undersells on an order, and the order, or the remainder of the order, is subsequently filled at a better price, then the customer is entitled to the better price. The customer is also entitled to an adjustment if he incurs a loss because of the delay in execution. However, if a broker overbuys or oversells on an order, the customer is not entitled to any of the excess.

A position that has been established in an erroneous or mishandled attempt to execute a customer order must be placed in the error account of the broker or firm responsible for the error or mishandling. When an order has been executed in the wrong contract month or strike price, and the erroneous transaction has been placed in the broker's or firm's error account, the error may be corrected by a spread transaction, in accordance with Regulation 352.01. Any profits resulting from the liquidation of the trades placed in a broker's or firm's error account belong to the relevant broker or firm, and may be retained or disbursed to whomever they choose at their discretion.  
(10/01/99)

350.05 Floor Practices - The following acts are detrimental to the welfare of the Association:

- (a) for a floor broker to purchase any commodity for future delivery, purchase any call commodity option or sell any put commodity option for his own account, or for any account in which he has an interest, or for those accounts falling within the exception of paragraph (c) of this Regulation, while holding an order of another person for the purchase of any future, purchase of any call commodity option, or sale of any put commodity option, in the same commodity which is executable at the market price or at the price at which such purchase or sale can be made for the member's own account or the account in which he has an interest, or for those accounts falling within the exception of paragraph (c) of this Regulation.
- (b) for a floor broker to sell any commodity for future delivery, sell any call commodity option or purchase any put commodity option for his own account, or for any account in which he had an interest, or for those accounts falling within the exception of paragraph (c) of this Regulation, while holding an order of another person for the sale of any future, sale of any call commodity option, or purchase of any put commodity option in the same commodity which is executable at the market price or at the price at which such sale or purchase can be made for the member's own account or the account in which he has an interest, or for those accounts falling within the exception of paragraph (c) of this Regulation;
- (c) for a floor broker to execute a transaction in the trading pit for an account over which he has discretionary trading authority.

The above restriction shall not apply to:

1. transactions for another member of the Exchange;
  2. transactions for members of the floor broker's family which include; spouse, parent, child, grandparent, grandchild, brother, sister, uncle, aunt, nephew, niece, or inlaw;
  3. transactions for proprietary accounts of member firms.
- (d) for a member to disclose at any time that he is holding an order of another person or to divulge any order revealed to him by reason of his relationship to such other person, except pursuant to paragraph (c) of this Regulation, in the legitimate course of business or at the request of an authorized representative of the Exchange or of the Commission; the mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of the Association's Rules and Regulations; however, nothing herein shall alter or waive a member's responsibility to comply with existing provisions of the Commodity Exchange Act, Commission Rules, and the Rules and Regulations of the Association; furthermore, it shall be a violation of this Regulation for any individual to solicit or induce a member to disclose order information in a manner prohibited by this Regulation;
  - (e) for a member to take, directly or indirectly, the other side of any order of another person revealed to him by reason of his relationship to such other person, except with such other person's prior consent and in conformity with Exchange rules or except for transactions done in accordance with

Regulation 350.04 to resolve bonafide outrades;

- (f) for a member to make any purchase or sale which has been pre-arranged;
- (g) for a member to withhold or withdraw from the market any order or part of an order of another person for the convenience of another member;
- (h) for a member to execute any order after the closing bell is sounded except in a call market close;
- (i) for a member to buy and sell as an accommodation at any time or, except as specifically provided in Regulations 331.03, 331.04 and 350.10, to use one order to fill another order, or any part thereof;
- (j) for parties to a transaction to fail to properly notify the pit recorder of the price at which trades have been consummated;
- (k) for a floor broker to allocate executions of orders in any manner other than an equitable manner.
- (l) for a member to initiate during the same trading session a transaction for future delivery in a CBOE 50 or CBOE 250 Stock Index future(s) for his or her own account, or for any account in which he or she has an interest, or for the account of his or her family including spouse, parents, children, grandparents, grandchildren, brothers, sisters, uncles, aunts, nephews, nieces and in-laws, and to execute as a floor broker any order for future delivery in a CBOE 50 or CBOE 250 Stock Index future(s). This restriction shall not apply to any transaction made by the member to offset a transaction made in error by the same floor member. (07/01/00)

350.06 Give-Ups - A member must have prior permission from a clearing member to give-up its name for a trade executed on the Exchange. For give-up orders, the executing clearing member must first clear the trade and then transfer it in accordance with Regulation 444.01(f). A floor broker is prohibited from giving up in the pit a name other than the executing clearing member placing the order. Give-up orders are prohibited when used as a pricing mechanism in connection with cash market contracts. Pricing in connection with cash market contracts must be done only on a versus-cash basis pursuant to the requirements of Regulation 444.01. (11/01/97)

350.07 Checking and Recording Trades - Members must within fifteen minutes after each transaction confirm with the opposite member trader every execution of a futures transaction with respect to executing member, price, quantity, commodity, future and respective clearing members. Members must within fifteen minutes after each transaction confirm with the opposite member trader every execution of an options transaction with respect to executing member, premium, quantity, option series, and respective clearing members. Each record of transactions must show the relevant foregoing information and also must include and clearly identify the date and appropriate time bracket, and the opposite executing member.

In addition, each member who, on the Floor of the Exchange receives a customer's or options customer's order which is not in the form of a written record including the account identification, order number and date and time, to the nearest minute, such order was received on the floor of the Exchange, shall immediately upon receipt thereof prepare a written record of such order, including the account identification and order number, and shall record thereon the date and time, to the nearest minute, such order is received.

Non-erasable ink must be used to record all such information. (11/01/94)

350.08 Notification of Unchecked Trades - Any clearing firm that is unable with diligent effort to check a transaction with another member, shall notify the floor member who executed the transaction. Such notice shall be given prior to the following day's Regular Trading Hours opening or resumption, as applicable. In the case of agricultural contracts, such notice shall be given no later than twenty minutes prior to the following day's opening or resumption, as applicable.

In all cases, such notice shall be given in sufficient time as to allow the floor member to make provisions for any adjustment. In the case of agricultural contracts, the floor member will have resolved his trades by no later than twenty minutes prior to the relevant opening or resumption, as applicable.

The opening range or resumption range, as applicable, of the following day's Regular Trading Hours

market shall be the limit of liability as a result of an unchecked trade.  
(09/01/98)

350.10 Exemption for Certain Joint Venture Products - Notwithstanding any other provisions of these Rules and Regulations, a member who simultaneously holds orders on behalf of different principals to buy and sell any of the inter-regulatory or intermarket spreads designated below, may execute such spread orders for and directly between principals; provided that the member shall first offer such spread orders competitively by open outcry in the open market (a) by both bidding and offering at the same price, and neither such bid nor offer is accepted or (b) by bidding and offering to a point where such offer is higher than such bid by not more than the minimum permissible price fluctuation applicable to such spread orders and neither such bid nor offer is accepted. If any such order is not accepted within a reasonable amount of time, then the member may, execute such order for and directly between the principals. The following requirements must also be met in the execution of such spread orders:

- (1) The member who executes such order must do so in the presence of a Chicago Board Options Exchange Floor Official, who is a member qualified to trade Joint Venture futures contracts.
- (2) Such member shall clearly identify all such spreads on his trading card or similar record by appropriate symbol or descriptive words and shall note on such card or record the exact time of execution. Such member shall thereupon promptly present said card or record to the Floor Official for verification and initialing.
- (3) No futures commission merchant or floor broker who receives any of the inter-regulatory or intermarket spread orders designated below from another person shall take the other side of such spread orders, except with such other person's prior consent.

This Regulation applies to the following spread strategies:

- (a) inter-regulatory strategies involving a CBOE 50 and/or CBOE 250 Stock Index future(s) spread against a Standard and Poor's 100 and/or Standard and Poor's 500 option(s) traded on the Chicago Board Options Exchange;
- (b) intermarket futures spreads involving a CBOE 50 Stock Index future(s) spread against a CBOE 250 Stock Index future(s); or
- (c) any other inter-regulatory or intermarket spread designated under this Regulation by the Board of Directors of the Association. (08/01/94)

350.11 Resolution of Outtrades - Outtrades shall be resolved by issuing a check in an amount agreed to by the members making the trade(s).

#### A. Price Outtrades

When an outtrade exists due to a discrepancy as to price, members making the trade may choose to resolve the discrepancy by electing either of the two prices in question, if they agree that the trade was executed at that price.

If an outtrade involves a price discrepancy between a local and a broker, and the members cannot agree on the price of execution, the price recorded by the broker shall be used to clear the trade. Any adjustments shall then be made by check, in compliance with this Regulation.

If an outtrade between locals or an outtrade between brokers involves a price discrepancy, and these members cannot agree on the price of execution, the buyer's price shall be used to clear the trade. Any adjustments shall then be made by check, in compliance with this Regulation.

#### B. Quantity Outtrades

When an outtrade exists due to a discrepancy as to quantity, members making the trade may choose to resolve the discrepancy by electing either of the two quantities in question, if they agree that the trade was executed in that quantity.

If any outtrade between locals involves a quantity discrepancy and these members cannot agree on the quantity that was executed, the higher quantity shall be used to clear the trade. Any adjustments shall then be made by check, in compliance with this Regulation.

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A broker may assign the opposite side of any excess quantity on his order, which he believes that he has executed, to his error account, pursuant to Regulation 350.04, and he may agree to the clearing of the transaction according to the quantity recorded by the other member, whether the other member was a broker or a local.

C. Bona Fide Contract Month, Strike, Put vs. Call and Side of Market (Buy vs. Buy or Sell vs. Sell) Outtrades

When an outtrade exists due to a discrepancy as to the contract month, strike price, whether an option trade involved a put or a call, or side of the market, and any party who executed a customer order believes that the order has been executed in accordance with its instructions, the outtrade may be resolved in any one of the following ways:

1. The trade may be busted. If a broker re-executes his order, any losses incurred by the customer as a result of the delay in execution must be adjusted by check. If the order is executed at a more favorable price, the customer is entitled to the better price.
2. The members making the trades(s) may agree that either trade or both trades may be cleared in accordance with the members' recorded trade data.
3. A broker may assign the opposite side of his own order to his error account, pursuant to Regulation 350.04, and he may agree to the clearing of the transaction according to the terms of the other member's recorded trade data, whether the other member was a broker or a local.
4. If both members were brokers, they may both assign their respective trades to their error accounts, pursuant to Regulation 350.04.

A customer shall not be entitled to any portion of any profits realized by a local who was on the opposite side of an outtrade between the local and the customer's broker, as a result of the local's liquidation of his position. Such profits belong to the local, and may be retained or disbursed to whomever he chooses, in his discretion. If the local chooses to disburse any portion of such profits to the broker, and the broker's customer has received a fill in accordance with the broker's recorded trade data, the broker is not obligated to offer such profits to this customer.

It shall be an offense against the Association for members to prearrange a trade to reconcile an outtrade.

Nothing herein shall in any way limit a member's right to submit an outtrade to Exchange arbitration if an outtrade cannot be resolved by agreement. (10/01/99)

352.01 Spreading Transactions - A spread transaction involving options, or the purchase and sale of different futures, at a price or yield difference or simultaneously at a separate price for each side of the spread is permitted on this Exchange provided:

1. that each side of the spread (the purchase of one future and the sale of another future) is for the same account, or in the case of spreads in options, all sides are for the same account. Provided that, when an order has been executed in the wrong month, wrong strike price or wrong commodity, and the erroneous transaction has been placed in the broker's or firm's error account, the error may be corrected by a spread transaction in which one leg of the spread offsets the position in the error account and the other leg is the correct execution of the order. Provided further that the liability of the floor broker or FCM shall be determined in accordance with Regulation 350.04.
2. that all sides of the spread are priced at prices within the daily trading limits specified in Regulation 1008.01;
3. that the spread is offered by public outcry in the pit assigned to the commodity(ies) or option(s) involved.
4. that the transaction shall be reported, recorded and publicized as a spread in the ratio in which it was executed.
5. that when such transactions are executed simultaneously, the executing member on each side of



the transaction shall designate each part of the trade as a spread on his cards by an appropriate word or symbol clearly identifying each part of such transaction.

6. that for options the spreads must conform to one of the following definitions, any multiple or combination of these strategies, or any generally accepted relationship between options and the underlying futures, including but not limited to:
  - a. Vertical and Horizontal Spreads. Short one call (put) and long another call (put) with a different strike price and/or expiration month.
  - b. Straddles. Short (long) puts and calls in a generally accepted spread ratio.
  - c. Conversions and Reverse Conversions. Short (long) calls, long (short) puts, and long (short) futures in a generally accepted spread ratio.
  - d. Butterflies. Two vertical spreads which share one common strike price.
  - e. Boxes. Long a call and short a put at one strike price and short a call and long a put at another strike price.
  - f. Synthetic Straddles. Long (short) futures and short (long) calls or long (short) puts in a generally accepted spread ratio.
  - g. Ratio Spreads. Long calls (puts) and short calls (puts) in a generally accepted spread ratio.
  - h. Ratio Writes. Short calls (puts) and long (short) futures in a generally accepted spread ratio.
  - i. Ratio Purchases. Long calls (puts) and short (long) futures in a generally accepted spread ratio.
  - j. Synthetic Futures. Long calls (puts) and short puts (calls) in a generally accepted spread ratio.
7. that in executing a ratio spread, a member shall bid or offer by open outcry either both the spread portion at a price difference and the remaining portion (i.e., the "tails") at a specific price for each, or the entire ratio spread at a separate price for each side of the transaction. A ratio spread and if applicable each part of it must be executed competitively by open outcry in accordance with this regulation and Rule 332.00. A bid or offer for a ratio spread is subject to partial acceptance in ratioed units in accordance with Rule 336.00.
8. that for spread transactions at a yield difference the following conditions are met:
  - a. one side of the spread is a yield-based futures contract, i.e. where the final contract settlement price is calculated by subtracting a yield measurement from 100.
  - b. the sides are priced at the price spread implied by the yield spread.
  - c. the prices for Short, Medium, and Long Term U.S. Treasury Note and U.S. Treasury Bond futures are those implied for 8% coupon, semi-annual non-amortizing instruments with exactly two, five, ten, and twenty years remaining maturity as calculated and published by the Exchange.
  - d. the prices for the yield-based futures contracts are calculated by subtracting the yield from 100.
  - e. the yields are quoted in increments no smaller than one half basis point.
  - f. the Regulatory Compliance Committee has designated the spread for trading on a yield basis.

Brokers may not couple separate orders and execute them as a spread, nor may a broker take one part of a spread for his own account and give the other part to a customer on an order. (08/01/00)

352.01A Unacceptable Spread Orders - Certain orders that involve the trading of different contracts, when the contracts involved are traded in different designated trading pits and when the resulting positions do not offset to reduce economic risk, do not represent legitimate spreading transactions and are specifically deemed to be unacceptable orders. Such transactions must be

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executed on separate orders in the respective designated trading areas. The foregoing provisions apply to, but are not limited to, the following examples:

There are separate trading pits for options and futures. An order to buy a put (or sell a call) and sell the underlying future establishes a short position only, and therefore there is no offsetting feature. An order to sell a put (or buy a call) and buy the underlying future establishes a long position only, and therefore there is no offsetting feature. These orders are unacceptable as spread orders. (08/01/94)

352.02 Joint Venture Intermarket and Inter-Regulatory Spreads - -  
Notwithstanding any other provisions of these Rules and Regulations to the contrary, the following principles shall apply to spreading transactions involving Joint Venture Products.

1. Futures spreads involving CBOE 50 and/or CBOE 250 Stock Index futures contracts may be bid or offered at a differential and if so bid or offered, such spreads may not be separated into their individual components.
2. Inter-Regulatory spread strategies involving CBOE 50 or CBOE 250 Stock Index futures spread against Standard and Poor's 100 or Standard and Poor's 500 options traded on the Chicago Board Options Exchange ("CBOE") may be bid or offered at a differential. If such spreads are bid or offered at a differential, they may not be separated into individual parts. The futures side of such spreads must be priced within the daily quotation range. The price of the options side of such spreads shall not touch the best bid or offer contained in the CBOE order book but may touch but shall not go through the current best bid or offer prevailing in the trading crowd. The prices for both sides of such spreads shall be disseminated immediately and shall be identified as a spread. The price differential shall also be disseminated immediately.
3. Inter-Regulatory spreads involving CBOE 50 and/or CBOE 250 Stock Index futures contracts spread against Standard and Poor's 100 and/or Standard and Poor's 500 options may be executed in any location in the Standard and Poor's 100 or the Standard and Poor's 500 option pit(s).
4. Joint Venture inter-regulatory or intermarket spreads may not be used to establish opening prices for Joint Venture futures contracts. (08/01/94)

360.01 Pit Supervisory and Enforcement Authority of the Respective Pit Committees - It shall be the function and duty of the Pit Committees to supervise and enforce decorum and trading etiquette within their respective trading pits.

I. Supervision and Enforcement of Pit Decorum

Each Pit Committee shall have the authority over its respective pit to discipline any individual who has committed a decorum offense within the pit, as set forth in Rule 519.00, by the imposition of a fine not to exceed \$5,000.00

Pit Committee members shall issue a ticket to the offender notifying the offender that the Pit Committee has imposed a warning or designated fine in accordance with the following schedule guidelines:

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1st offense	Warning or fine between \$250.00 - \$2,500.00
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2nd offense and subsequent offenses	Fine between \$500.00 - \$5,000.00
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Any Exchange member may request that the Pit Committee issue a ticket; however, the Pit Committee Chairman or Vice-Chairman or in the alternative, a member of the Floor Governors Committee, must sign and thereby authorize each and every ticket issued by the Pit Committee. Any ticket not authorized by the Pit Committee Chairman or Vice-Chairman, or in the alternative, a member of the Floor Governors Committee, will be deemed to be invalid.

The recipient of a Pit Committee ticket may either pay the corresponding fine or request a summary hearing before the respective Pit Committee to contest the ticket. The summary hearing shall be held after the close of trading on the afternoon of the day the ticket was issued or as soon

as possible thereafter. The attendance of either a simple majority or five members of the respective Pit Committee, whichever is less, shall constitute a quorum for the purpose of a summary hearing.

Application of Regulations - The Chairman, Vice-Chairman, or Pit Committee Member who initiated a ticket may not sit on the panel; however, he may participate at the hearing as a witness. The Chairman or Vice-Chairman who simply authorized, but did not initiate the ticket, may sit on the panel that hears the matter.

No member of the summary hearing panel may have a direct financial or personal interest in the outcome of the matter.

If a ticket was issued by the Pit Committee at the request of a member, the requesting member must appear at the summary hearing. If the requesting member fails to appear, the ticket will be voided. Furthermore, the requesting individual's failure to appear may be deemed to constitute an act detrimental to the welfare of the Association.

Members may not be represented by an attorney at the summary hearing.

The decision of the summary hearing panel shall be final; however, a member shall have a limited right to appeal the decision to the Exchange's Appellate Committee on the grounds that the decision was:

- a. In excess of the summary hearing panel's authority, jurisdiction, or limitations; or
- b. Without observance of the required procedures.

Any member or individual with floor access privileges who has received a Pit Committee ticket for a decorum offense of Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment, and/or Use of Profane or Obscene Language and during the same trading session, engages in a further Rule or Regulation violation relating to Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment, and/or Use of Profane or Obscene Language may, in addition to other sanctions (including but not limited to fines, suspensions, and expulsions imposed by the Association pursuant to the Rules and Regulations), be immediately and summarily removed from the Exchange trading floor and denied trading floor access for the remainder of the trading session pursuant to the following procedures:

- a. Certification by a Chairman of the Pit Committee (or, in the Chairman's absence, by a Vice-Chairman of the Pit Committee) that the individual has continued to engage in Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment, and/or Use of Profane or Obscene Language after having previously received a Pit Committee ticket for the same offense in the same trading session; and
- b. Approval of such summary action by a member of the Floor Governors Committee and a member of the Board of Directors or by two members of the Board of Directors, provided that no individual granting such approval shall have been involved in the altercation.

Additionally, should the first such offense be of such a serious nature, the individual may be denied trading floor access for the duration of the trading session pursuant to the above procedure.

## II. Supervision and Enforcement of Pit Trading Etiquette

Each Pit Committee shall have the authority over its respective pit to issue a ticket to any member who has allegedly violated the pit's trading etiquette. Each pit, by and through its Pit Committee, shall be responsible for determining the nature and extent of its pit trading etiquette. However, the Floor Governors Committee will be responsible for standardizing the pit trading etiquette that is common to all of the Exchange's trading pits.

A breach of trading etiquette does not in itself constitute a specific violation of an Exchange Rule or Exchange Regulation. However, any particularly egregious violation of a trading etiquette or repeated violation of trading etiquette may result in disciplinary action by the Floor Governors Committee pursuant to the general provisions of Exchange Rule 500.00 (Inequitable Proceedings) and/or Rule 504.00 (Acts Detrimental to the Welfare of the Association).

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Any member may request that a ticket be issued and any member of the respective Pit Committee may issue a ticket. However, the Pit Committee Chairman or Vice-Chairman must sign and thereby authorize each ticket.

If the recipient of a ticket wishes to contest the ticket he shall immediately notify the Chairman or Vice-Chairman of the Pit Committee and a summary hearing shall be held by the Pit Committee after the close of that day's trading, or as soon as possible thereafter.

The purpose of the hearing will be for the Pit Committee, to determine by majority vote, whether the ticket should stand or whether the ticket should be voided.

The attendance of either a simple majority or five members, whichever is less, shall constitute a Pit Committee Hearing Panel quorum.

No member of the Pit Committee Hearing Panel may have a financial or personal interest in the matter.

The Chairman, Vice-Chairman or Pit Committee Member who initiated a ticket may not sit on the panel, however, he may participate at the hearing as a witness. The Chairman or Vice-Chairman who simply authorized, but did not initiate the ticket, may sit on the panel that hears the matter.

Failure of the member who requested the ticket to appear will result in the ticket being voided, and the failure to appear may constitute an act detrimental to the Association.

Members may not be represented by an attorney at a hearing.

Staff will not be present during any hearing, except at the specific request of the Pit Committee.

Decisions of the panel will be final. Respondents will not be able to appeal the panel's decision.

If a member reaches a total of any three violations (all pits inclusive), within six months, the member shall be automatically referred to Floor Governors for possible disciplinary action pursuant to Rule 500.00 and/or Rule 504.00. However, a pit committee may, at its discretion, refer any single offense committed within its respective pit to the Floor Governors Committee. A simple majority of the pit committee shall be required before a single offense may be referred to the Floor Governors Committee.

A ticket will expire and be expunged from any and all records after twelve months from the date of the ticket's issuance unless the ticket has been referred to Floor Governors Committee. In the event that a ticket has been referred to Floor Governors Committee, the ticket will expire and be expunged from the records only after the Floor Governors Committee decides not to pursue formal charges.

Tickets referred to the Floor Governors Committee will serve as the basis of O.I.A.'s investigation, and the tickets may be submitted as evidence in support of O.I.A.'s case before the Floor Governors Committee. However, O.I.A. will conduct its own separate and distinct investigation of the matter.

### III. Pit Committee Grievance Meetings

On a monthly basis, or more frequently as needed, each Pit Committee shall convene and hold an informal grievance meeting. The purpose of the informal grievance meetings will be to:

- a. review and discuss general issues relating to pit etiquette and pit trading practices;
- b. formulate and submit to the Floor Governors Committee recommendations for trading standards;
- c. review and consider specific complaints relating to pit etiquette and pit trading practices; and
- d. determine by simple majority whether to recommend that the Floor Governors Committee investigate specific instances of pit etiquette and pit trading practices that the Pit Committee believes may be inequitable.

The Pit Committees shall conduct and determine the time, location, manner and form of their

respective Pit Committee Grievance Meetings. Staff will not be present during any Pit Committee Grievance Meeting, except at the specific request of the Pit Committee. (01/01/00)

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Ch4 General

400.00 Commission Merchant - A member who makes a trade, either for another member or for a non-member, but who makes the trade in his own name and becomes liable as principal as between himself and the other party to the trade. 13 (08/01/94)

401.00 Corporations and Partnerships - (See 230.00) (08/01/94)

401.01 Partnerships and Corporations - Trading Authority - (See 230.01) (08/01/94)

401.02 Registration of Membership for Corporation - (See 230.02) (08/01/94)

401.03 Registration of Membership for Partnership - (See 230.06) (08/01/94)

402.00 Business Conduct Committee - (See 542.00) (08/01/94)

403.00 Testimony and Production of Books and Papers - (See 545.00) (08/01/94)

403.01 Approval of Customer Accounts - No firm or any of its wholly-owned affiliates shall carry customer accounts without prior approval obtained either at the time of registration under Regulation 230.02 or 230.06 or prior to change in the nature of business previously authorized. In order to originate and carry on a business with public customers, a firm is subject to the minimum capital requirements established by the Financial Compliance Committee.

No member sole proprietorship shall carry customer accounts without prior approval. A member requesting approval to carry customer accounts shall submit a certified financial report of the sole proprietorship, prepared by an independent Certified Public Accountant as of a date which is no more than 90 days prior to the date of submission. In order to originate and carry on a business with public customers, a sole proprietorship is subject to the minimum capital requirements established by the Financial Compliance Committee. 1780 (08/01/94)

403.02 Financial Questionnaire - (See 285.01) (08/01/94)

403.03 Audits - (See 285.02) (08/01/94)

403.04 Reduction of Capital - (See 285.03) (08/01/94)

403.05 Restrictions on Operations - (See 285.04) (08/01/94)

403.07 Financial Requirements - (See 285.05) (04/01/97)

403.08 Expulsion from a Designated Contract Market - Upon review of the decision or record which resulted in a person or a firm's expulsion from membership in, or the privileges of membership on, any recognized domestic or foreign board of trade or securities exchange, should the Board of Directors find that there exists a demonstrable connection between the type of conduct which resulted in the expulsion and the protection afforded the Exchange, its members and customers through a trading prohibition against the expelled individual or firm, the Board may direct that no member or member firm may carry any account, accept an order, or handle a transaction, relating to futures contracts or options on futures contracts traded on the Exchange, for or on behalf of such expelled person or firm. Such an order may be modified or revoked by a vote of two-thirds of the Directors. (08/01/94)

404.00 Advertising - (See 287.00) (08/01/94)

405.00 Trade Checking Penalties - (See 563.00) (08/01/94)

Ch4 Customer Accounts

414.00 Trades of Non-Clearing Members - - (See 286.00) and (See 431.00)  
(08/01/94)

415.00 Trades of Non-Clearing Members - (See 333.00) (08/01/94)

416.01 Correspondent Accounts - Each registered eligible business organization must maintain a complete listing of all correspondent accounts carried on its books. Such list shall be promptly provided to authorized representatives of the Association. Information for each correspondent account must include name and address, classification of the account as customer or house, regulated or non-regulated. 1780A (04/01/98)

416.02 Members Responsible for Correspondents - Members doing business with correspondents must keep themselves well informed regarding their financial standing and shall immediately report to the Secretary any information that does in any way indicate that a correspondent is insolvent, or threatened with insolvency, or guilty of any irregularities or practices affecting the good name of the Association. 1043 (08/01/94)

416.02A Correspondents - In May, 1935, the Rules Committee ruled that the word "correspondents" as it is used in Regulation 416.02 means the following:

1. A correspondent, under the provisions of Regulation 170.07 is a person, firm or corporation (member or non-member) transacting a banking or a brokerage business connected by telephone or telegraphic wire or wireless connection with the office of a member.
2. A non-clearing member who solicits and turns over security or future delivery orders to a clearing member for execution, is a correspondent of the clearing member whether or not his office is connected by telephonic, telegraphic wire connections to that of the clearing member.
3. Under the provisions of Regulation 416.02, any member doing business with correspondents has the responsibilities therein outlined. 17R (08/01/94)

416.04 Correspondent Accounts - Consistent with its duties under Rule 542.00, the Business Conduct Committee may require that the identities and positions of the beneficial owners of any correspondent account be immediately disclosed to the Business Conduct Committee or to authorized representatives of the Association. If disclosure is not provided and the Business Conduct Committee determines that such failure to provide information is an impediment to the Committee in the discharge of its duties under Rule 542.00, appropriate summary action may be ordered up to and including immediate liquidation of all or a portion of the positions in the correspondent account. Any such summary action shall be taken in accordance with the procedures set forth in Regulation 540.06. (08/01/94)

416.05 Limitations On Acceptance of Agent Business - No member FCM shall solicit or accept any options order for execution on the Exchange which has been solicited, accepted or serviced by any person who is not registered as an associated person of such member FCM. Provided, however, that at such time as any futures association registered under Section 17 of the Commodity Exchange Act has determined to provide for the regulation of the options-related activity of its members in a manner equivalent to that required of contract markets by the Commission, any FCM member of such futures association may solicit or accept options orders for execution on the Exchange in the same manner as FCMs which are members of the Exchange.

Further, no member FCM may solicit or accept options orders from any person whom it has reason to believe may be soliciting options orders in contravention of this Regulation or Regulation 33.3 or the Commission. (08/01/94)

417.01 Notice and Processing of Transfer of Accounts - When a commission merchant goes out of business, or closes one or more offices, or withdraws ordinary facilities for transacting business from one or more offices, the following shall apply:

Upon the transfer of customer accounts in commodity futures contracts by a member or registered eligible business organization, to any other futures commission merchant (member or non-member), the transferor shall immediately give written notice of the transfer to the Secretary of the Association. Such written notice shall contain: (1) the name and address of the transferee; (2) the date of the transfer; (3) the number of customer accounts; (4) the net equity of customer funds, and (5) a statement certified by the member, or by a general partner or executive officer whose membership is registered for the transferor, that (a) the transferor has provided prior notice of the transfer to each customer whose account is thus transferred and (b) the transfer has been preceded by reasonable investigation of the transferee by the transferor and that the transferee is a suitable recipient of the transferred accounts.

Upon the transfer of customer accounts by a non-member of the Association, to any member or registered eligible business organization, the transferee shall immediately notify the Secretary in writing that such transfer has occurred and such written notice shall identify the transferor, the date of transfer, the number of customer accounts, and the net equity of customer funds being transferred to such member or registered eligible business organization.

A member or registered eligible business organization, acting as a transferor or transferee, must be able to facilitate a bulk transfer of accounts by use of an automated system as prescribed by the Association.

This regulation applies to all transfers of customer accounts involving members or registered eligible business organizations, who or which are closing facilities unless they are initiated at the unsolicited request of the customers. 1809C (04/01/98)

418.01 Non-Members' Accounts - When a non-clearing member has trading authority over a non-members account carried on a disclosed basis he shall so inform the clearing member carrying the account.

Non-clearing members may be permitted to carry both omnibus and disclosed accounts with clearing members provided that when the non-clearing member used both types of accounts, he shall guarantee the clearing member carrying any disclosed accounts against any loss in such accounts.

The non-clearing member must notify the carrying member that he is carrying both omnibus and disclosed accounts. 1819 (08/01/94)

419.00 Trading for Employees - No member shall accept orders or clear trades for a non-member who is employed by another member nor shall another member accept orders or clear trades for a member who is employed by another member when the name of the employer appears in the transaction. 205 (08/01/94)

420.00 Trading by Employees - No member shall accept marginal accounts of any employee, whether member or non-member, of the Association or of the Clearing House or of another member unless written consent of the employer be first obtained. 206 (08/01/94)

420.01 Gratuities - (See 206.02) (08/01/94)

420.01A Elective Officers and Non-Member Directors - For purposes of Rule 420.00, Elective Officers and non-member Directors of the Association shall not be considered employees of the Association. (08/01/94)

421.00 Confirmation to Customers - A commission merchant who makes a trade for a member or non-member customer shall confirm the trade to the customer no later than the business day following the day upon which the transaction was consummated. Such confirmation shall be in writing and shall show the commodity or security bought or sold, the amount, the price, and the name of the other party to the contract, and, in the case of a commodity, the delivery month. A non-resident member may give to his customer the name of his resident commission merchant in lieu of the name of the other party to the contract, subject to the right of the customer to receive the name of the other party to the contract upon request.

Where a trade is made by a branch office of a resident member, such branch office being outside of Illinois, the branch office may confirm the trade to the customer without giving the name of the other party to the contract, provided the confirmation has prominently printed or stamped thereon the words, "Name of other party to contract furnished on request." 207 (08/01/94)

421.01 Confirmations - A confirmation of a commission merchant to the customer need not contain the name of the other party to the contract, provided the confirmation has prominently printed or stamped thereon the words, "name of other party to contract furnished on request." 1845 (08/01/94)

421.02 Options Confirmations -

- (a) A commission merchant who makes an options trade for a member or non-member customer shall confirm the trade to the customer no later than the business day following the day upon which the transaction was consummated. Such confirmation shall be in writing and shall indicate the customer's account identification number; a separate listing of the amount of the premium and all other commissions, costs and fees; the option series; the expiration date; and the date of the transaction.
- (b) In addition, upon the expiration or exercise of any commodity option, each commission merchant must furnish to each customer holding any such option which has expired or been exercised, not later than the next business day, a written confirmation statement which shall include the date of such occurrence, a description of the option involved, and in the case of exercise, the details of the futures position which resulted therefrom.
- (c) Notwithstanding paragraphs (a) and (b) of this Regulation, a commodity options transaction that is executed for a commodity pool (investment company) need be confirmed only to the operator of the commodity pool.
- (d) With respect to any account controlled by any person other than the customer for whom the account is carried, each commission merchant shall promptly furnish in writing to such other person the information set forth in paragraphs (a) and (b) of this Regulation. (08/01/94)

421.03 Average Price Orders - Member firms may confirm to customers an average price when multiple execution prices are received on an order or series of orders for futures, options or combination transactions. An order or series of orders executed during the same trading day at more than one price may only be averaged pursuant to this regulation if each order is for the same account or group of accounts and for the same commodity and month for futures, or for the same commodity, month, put/call and strike for options.

Any member or member firm that accepts an order pursuant to this regulation must comply with requirements of this regulation and all order recordation requirements.

Upon receipt of an execution at multiple prices for any order subject to this regulation, an average price will be computed by multiplying the execution prices by the quantities at those prices divided by the total quantities. An average price for a series of orders will be computed based on the average prices of each order in that series.

Each Clearing firm that confirms to a customer an average price, must indicate on the confirmation and monthly statement that the price is not an execution price. (10/01/01)

421.05 Allocation of Exercise Notices - The Clearing House, in an equitable, random manner, shall assign exercise notices tendered by options purchasers to clearing members holding open short options positions; and each clearing member and commission merchant, in an equitable, random or proportional manner, shall assign exercise notices it receives on behalf of customer accounts to such customer accounts holding open short options positions. (08/01/94)

422.00 Investment Company Accounts - (See 507.00) (08/01/94)

423.00 Discretionary Orders - No member or registered eligible business organization shall permit any employee, whether member or non-member, to exercise discretion in the handling of any transaction for a customer for execution on this Exchange, unless prior written authorization for the exercise of such

discretion has been received. A discretionary order is defined as an order that lacks any of the following elements: the commodity, year and delivery month of the contract, number of contracts, and whether the order is to buy or sell.

All partners of a registered partnership, all managers and members of a registered limited liability company and all officers of a registered corporation, shall be considered employees of their firm or corporation for purposes of these discretionary rules and regulations. 151 (04/01/98)

423.01 Discretionary Accounts - It shall be a violation of this regulation for any member or registered eligible business organization

1. To accept or carry an account over which the member or employee thereof exercises trading authority or control for another person in whose name the account is carried, without-
  - a. obtaining a signed copy of the Power of Attorney, trading authorization, or other document by which such trading authority or control is given;
  - b. sending direct to the person in whose name the account is carried a written confirmation of each trade as provided in Rule 421.00 and a monthly statement showing the exact position of the account, including all open trades figured to the market; and
  - c. reflecting the discretionary nature of the account on all statements sent to the account owner.
2. To accept or carry an account over which any third party individual or organization other than the person in whose name the account is carried exercises trading authority or control, without -
  - a. obtaining a signed copy of the Power of Attorney, trading authorization, or other document by which such trading authority or control is given; and
  - b. obtaining a written acknowledgment from the person in whose name the account is carried that he has received a copy of the account controller's disclosure document, prepared pursuant to CFTC Regulation 4.31, or a written statement explaining why the account controller is not required to provide a disclosure document to the customer.

(The above acknowledgement of paragraph b. need not be obtained (i) when the person in whose name the account is carried and the individual given trading authority or control are of the same family; or (ii) when the person given trading authority or control is (A) a member, (B) an officer, partner, member, manager or managerial employee of the eligible business organization carrying the account; (C) a bank or trust company organized under federal or state laws or (D) an insurance company regulated under the laws of any state; or (iii) when the account is carried in the name of (A) an employee benefit plan subject to ERISA or organized under the laws of any state (B) an investment company registered under the Investment Company Act of 1940, (C) a bank or trust company organized under federal or state law, (D) an insurance company regulated under the laws of any state; or (E) an exempt organization, as defined in section 501 (c) (3) of the Internal Revenue Code, with net assets of more than \$100 million.)

3. To accept or carry the account of a non-member who has given trading authority to a member unless the member carrying the account requires that all orders entered for the account be executed by an individual or individuals other than the member to whom such trading authority is given. This requirement shall not apply where the non-member customer and the member having such trading authority are of the same family. This Regulation shall only apply to open outcry Regular and open outcry Night Trading Hours.
4. For purposes of this Regulation, a person does not exercise trading authority or control if the person in whose name the account is carried or the account controller specifies (1) the precise commodity interest to be purchased or sold, and (2) the exact amount of the commodity interest to be purchased or sold. Provided the foregoing provisions are met, the provisions of this Regulation shall not apply to discretion as to the price at which or the time when an order shall be executed.

The provisions of this Regulation relate only to transactions executed on this Exchange. 1990 (04/01/98)

423.01B Discretionary Trading - The increasing utilization of trading by programmed recommendations, whether by computer, charts or by any means, has brought several questions to the

Rules Committee regarding discretion. These methods tend to create situations requiring the use of discretion and the Rules Committee recommends that member firms treat all such accounts as discretionary accounts unless the member can be certain that the customer(s) has given specific instructions, including price limits and any subsequent price changes relative to orders placed in connection with such trading.

In connection with the above, your attention is called to Rule 423.00 and Regulations 423.01 through 423.03 all having to do with the handling of discretionary accounts. 41R (08/01/94)

423.02 Presumption That Trades Are Pursuant to Discretionary Authority - Every trade in an account over which any individual or organization other than the person in whose name the account is carried exercises trading authority or control shall be rebuttably presumed to have been made pursuant to such trading authority or control. The Power of Attorney, trading authorization or other document by which any individual or organization other than the person in whose name an account is carried exercises trading authority or control over such account can be terminated only by a written revocation signed by the person in whose name the account is carried; by the death of the person in whose name the account is carried; or, where the individual or organization that exercises authority or control over the account is the member carrying the account or an employee thereof, by written notification from the member to the person in whose name the account is held that such member will no longer act pursuant to such trading authorization as of the date provided in the notice. 1991 (08/01/94)

423.03 Supervision of Discretionary Trading by Employees - A Power of Attorney or trading authorization signed by the customer and naming the employee to whom trading authority is given will be considered written authorization of the customer with respect to any discretionary transaction handled by such employee pursuant to such Power of Attorney or trading authorization.

Each account with respect to which an employee has discretionary authority must be given daily supervision by the employer, or by a partner or officer or such other person designated as a compliance officer if the employer is an eligible business organization, to see that trading in such account is not excessive in size or frequency in relation to financial resources in that account. The provisions of this paragraph shall not apply where only one employee of an eligible business organization member firm has discretionary authority if that individual is also the only principal who supervises futures trading activity.

No employee who has not been registered for a minimum of two continuous years as an Associated Person (AP) under CFTC Regulations may exercise the discretion permitted by Rule 423.00. The foregoing requirement may be waived in particular cases by the Business Conduct Committee upon a showing by the applicant of experience equivalent to such a two-year registration. 1992 (04/01/98)

423.04 Customer Orders During Concurrent Sessions - For orders involving concurrently traded contracts, the customer will designate whether the order is to be executed in the open outcry market or on e-cbot. (09/01/00)

425.01 Position Limits -

- (a) For the purposes of this Regulation, the following are definitions of titles used in position limit chart-

Spot Month - Spot month futures-equivalent position limit net long or net short effective at the start of trading on the first business day prior to the first trading day of the spot month.

Single Month - Futures-equivalent position limit net long or net short in any one month other than the spot month.

All Months - Position limit net long or net short in all months and all strike prices combined. Note: Long futures contracts, long call options, and short put options are considered to be on the long side of the market while short futures contracts, long put options, and short call options are considered to be on the short side of the market. For each commodity, the futures-equivalents for both the options and futures contracts are aggregated to determine compliance with the net long or net short same side position limits.

Reportable Futures Level - Reportable futures position in any one month.

Reportable Options Level - Reportable options position in any one month in each option category. Note: Option categories are long call, long put, short call, and short put.

Net Equivalent Futures Position - Each option contract has been adjusted by the prior day's risk factor, or delta coefficient, for that option which has been calculated by the Board of Trade Clearing Corporation.

For the purpose of this Regulation:

- (i) An option contract's futures-equivalency shall be based on the prior day's delta factor for the option series, as published by the Board of Trade Clearing Corporation. For example, 8 long put contracts, each with a delta factor of 0.5, would equal 4 futures-equivalent short contracts.
- (ii) Long futures contracts shall have a delta factor of +1, and short futures contracts shall have a delta factor of -1.
- (iii) Long call options and short put options shall have positive delta factors.
- (iv) Short call options and long put options shall have negative delta factors.
- (v) An eligible option/option or option/futures spread is defined as an intra-month or inter-month position in the same Chicago Board of Trade commodity in which the sum of the delta factors is zero.

(b) Except as provided in Regulations 425.03, 425.04 and 425.05, the maximum positions which any person may own, control, or carry are as follows:

(Note: All position limits and reportable positions are in number of contracts and are based on futures or \*Net Equivalent Futures Positions.

\*Please see section (a) of this Regulation for definition.

CONTRACT	*SPOT MONTH	*SINGLE MONTH	*ALL MONTH	*REPORTABLE FUTURES LEVEL	*REPORTABLE OPTIONS LEVEL
Long Term Fannie Mae(R) Benchmark Notes/sm/ and Freddie Mac Reference Notes/sm/	5,000	None	5,000	100	100
Medium Term Fannie Mae(R) Benchmark Notes/sm/ and Freddie Mac Reference Notes/sm/	5,000	None	5,000	100	100
10-Year Interest Rate Swap	None	None	None	500	500
5-Year Interest Rate Swap	None	None	None	500	500
CBOT X-Fund	5,000	5,000	5,000	25	
CBOT Dow Jones Industrial Average/sm/ Index	None	None	50,000 (aggregate DJIA/sm/ limit, see #9)	100	100
CBOT mini-sized Dow/sm/ (\$5 multiplier)	None	None	50,000 (aggregate DJIA/sm/ limit, see #9)	100	
CBOT Dow Jones - AIG Commodity Index(SM)	None	None	15,000	25	
CBOT mini-sized N.Y. Silver	1,500	1,500	3,000	750	
CBOT mini-sized N.Y. Gold	4,000	4,000	6,000	600	
U.S. Treasury Bonds	None	None	None	1,000	1,000
mini-sized U.S. Treasury Bonds	None	None	None	1,000	
U.S. Treasury Notes (5 yr.)	None	None	None	800	800
U.S. Treasury Notes (6 1/2-10 yr.)	None	None	None	1,000	1,000
mini-sized U.S. Treasury Notes (6 1/2-10 yr.)	None	None	None	1,000	
U.S. Treasury Notes (2 yr.)	5,000	None	5,000	500	500
30 Day Fed Fund	None	None	None	300	
10 Year Municipal Note Index	5,000	None	5,000	100	
mini-sized Eurodollars	10,000	10,000	10,000	400	
Corn	600	5,500 (see #1)	9,000 (see #1, 3)	150	150
Soybeans	600	3,500 (see #1)	5,500 (see #1, 4)	100	100
Wheat	600 (see #8)	3,000 (see #1)	4,000 (see #1, 7)	100	100
Oats	600	1,000 (see #1)	1,500 (see #1, 6)	60	60
Rough Rice	250 (see #5)	500	750 (see #2)	50	50
Soybean Oil	540	3,000 (see #1,7)	4,000 (see #1,7)	200	200
Soybean Meal	720	3,000 (see #1,7)	4,000 (see #1,7)	200	200

#1 Additional futures contracts may be held outside of the spot month as part of futures/futures spreads within a crop year provided that the total of such positions, when combined with outright positions, do not exceed the all months



combined limit. In addition, a person may own or control additional options in excess of the futures-equivalent limits provided that those option contracts in excess of the futures-equivalent limits are part of an eligible option/futures spread.

#2 No more than 500 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/options or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.

#3 No more than 5,500 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.

#4 No more than 3,500 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.

#5 On and after the first notice day of the expiring futures months of July, the limit for the July futures month will be reduced to 200 contracts, for both hedging and speculative positions.

#6 No more than 1,000 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures/equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.

#7 No more than 3,000 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures-equivalents for both the options and futures contracts are aggregate to determine compliance with these net same side single month limits.

#8 In the last five trading days of the expiring futures month, the speculative position limit for the March futures month will be 350 contracts and for the May futures month the limit will be 220 contracts.

#9 The aggregate position limit in CBOT mini-sized Dow/sm/ (\$5 multiplier) futures and CBOT DJIA/sm/ futures and options is 50,000 DJIA/sm/ contracts, net long or net short in all contract months combined. For the purposes of these regulations, one mini-sized Dow/sm/ (\$5 multiplier) contract shall be deemed to be equivalent to one-half of a DJIA/sm/ futures contract.

Except for the interest of a limited partner or shareholder (other than the commodity pool operator) in a commodity pool, ownership, including a 10% or more financial ownership interest, shall constitute control over an account except as provided in Regulation 425.05.

The maximum positions which any person, as defined in Regulation 425.01 (c), may own or control shall be as set forth herein. However, with respect to the maximum positions which a member firm may carry for its customers, it shall not be a violation of the limits set forth herein to carry customer positions in excess of such limits for such reasonable period of time as the firm may require to discover and liquidate the excess positions or file the appropriate hedge or exemption statements for the customer accounts in question in accordance with Regulations 425.03 and 425.04. For the purposes of this regulation, a "reasonable period of time" shall generally not exceed one business day for those positions that are not subject to the provisions of Regulations 425.03 and 425.04.

However, for any option position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.

Note: The Commodity Futures Trading Commission has imposed speculative position limits on Corn, Oats, Soybean, Wheat, Soybean Oil and Soybean Meal futures contracts as provided in Part 150 of CFTC Regulations.

- (c) The term "net" shall mean the long or short position held after offsetting long futures positions against short futures positions. The word "person" shall include individuals, associations, partnerships, limited liability companies, corporations and trusts.

- (d) The foregoing limits on positions shall not apply to bona fide hedging positions which meet the requirements of Regulations 425.02 and 425.03, nor to positions subject to particular limits granted pursuant to Regulation 425.04.
- (e) The Board, or a Committee authorized by the Board may direct any member or registered eligible business organization owning, controlling or carrying a position for a person whose total position as defined in subsection (f) below exceeds the position limits as set forth in subsection (b) above or as specifically determined pursuant to Regulations 425.03 or 425.04 to liquidate or otherwise reduce the position.
- (f) In determining whether any person has exceeded the position limits specified in subsection (b) of this Regulation or those limits determined pursuant to Regulations 425.03 or 425.04, or whether a position is a reportable position as set forth in subsections (b) and (g) herein, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly controls trading, except as provided in Regulation 425.05, shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.
- (g) If a person owns, controls or carries a position equal to or greater than the number of contracts specified in subsection (b) above long or short in any one month, then all such futures and options on such futures contract owned, controlled or carried by that person, whether above the given level or not, shall necessarily be deemed reportable positions. Every member or registered eligible business organization shall report each and every reportable position to the Office of Investigations and Audits at such times and in such form and manner as shall be prescribed by the Business Conduct Committee.
  - (1) On or before the first day on which any position must be reported as provided above, the member or registered eligible business organization carrying the position must furnish to the Office of Investigations and Audits a report, in the form, manner and content prescribed by the Business Conduct Committee, identifying the owner of the account for which the position must be reported and all persons associated with the account as described in subsection (f) above.
  - (2) Every member or registered eligible business organization must report each and every reportable position and provide the report required in subsection (1) above for each person within any account carried on an omnibus basis, unless, upon application of the member or registered eligible business organization to the Business Conduct Committee, the nonmember omnibus account specifically is approved to report directly to the Office of Investigations and Audits. (01/01/03)

(a) General Definition. Bona fide or economically appropriate hedging positions in futures or options shall mean positions in a contract or positions in options on a contract for future delivery on this Exchange, where such positions normally represent a substitute for positions to be taken at a later time in a physical marketing channel, and where they are economically appropriate to the reduction of risks in the conduct and management of a commercial enterprise, and where they arise from:

- (1) The potential change in the value of assets which a person owns, refines or merchandises or anticipates owning, refining or merchandising,
- (2) The potential change in the value of liabilities which a person owes or anticipates incurring, or
- (3) The potential change in the value of services which a person provides, purchases or anticipates providing or purchasing.

Notwithstanding the foregoing, no positions of a person shall be classified as bona fide hedging unless their purpose is to offset price risks incidental to that person's commercial cash or spot operations and such positions are established and liquidated in an orderly manner in accordance with sound commercial practices and unless the provisions of Regulation 425.03 have been satisfied.

(b) Enumerated Hedging Positions. For purposes of Regulation 425.03, the definition of bona fide or economically appropriate hedging positions in subsection (a) above includes, but is not limited to, the following specific positions:

- (1) Sales of any commodity for future delivery, purchases of any put options on futures contracts and/or sales of any call options on futures contracts, which do not exceed in quantity:
  - (i) Ownership of the same cash commodity by the same person, and
  - (ii) Fixed-price purchases of the same cash commodity by the same person.



- (2) Purchases of any commodity for future delivery, sales of any put options on futures contracts and/or purchases of any call options on futures contracts, which do not exceed in quantity:
- (i) Fixed-price sales of the same cash commodity by the same person; and
  - (ii) The quantity equivalent of fixed-price sales of the cash products and derivative products of such commodity by the same person.
- (3) Sales and purchases of commodities for future delivery or of options on contracts for future delivery described in subsections (b)(1) and (b)(2) may also be offset by the same or other quantities of a different cash commodity, provided that the fluctuations in the value of the position for future delivery or of the commodity underlying the option contract are substantially related to the fluctuations in the value of the actual cash position.

(c) Non-Enumerated Hedging Positions. The Board, or a Committee authorized by the Board, may recognize positions other than those enumerated in subsection (b) as bona fide or economically appropriate hedging positions, in accordance with the general definition of bona fide or economically appropriate hedging positions in Regulation 425.02(a), upon the filing of a satisfactory initial statement in accordance with Regulation 425.03. Such positions may include:

- (1) Short-hedging positions (including long put options or short call options) of unsold anticipated positions in the same cash commodity by the same person;
- (2) Long-hedging positions (including long call options or short put options) of unfilled anticipated requirements of the same cash commodity by the same person;
- (3) Short or long cross-hedging positions, provided that the fluctuations in the value of the positions for future delivery or the commodity underlying the options positions are substantially related to the fluctuations in the value of the anticipated cash positions; or
- (4) Any other positions in commodities for future delivery or options on futures contracts, including those established under the concept of "delta-ratio hedging", under such terms and conditions as the Board, or a Committee authorized by the Board, may specify.

(d) Cash positions described in subsections (b) and (c) above shall not include those positions or portions of positions which are bona fide hedging positions in futures or economically appropriate hedging positions in options pursuant to Regulations 425.02 and 425.03.

Note: Corn, Oats, Soybean, Soybean Oil, Soybean Meal and Wheat futures contracts are subject to Commodity Futures Trading Commission Regulation 1.3(z), which defines bona fide hedging transactions and positions.  
(10/01/00)

#### 425.03 Reporting Requirements For Bona Fide or Economically Appropriate Hedging Positions in Excess of Limits -

- (a) Initial Statement. Every member or registered eligible business organization which owns, controls, or carries positions on behalf of a person who seeks classification of such positions as bona fide or economically appropriate hedging positions must file a statement satisfactory to designated staff or a Committee authorized by the Board in order to classify such positions as bona fide or economically appropriate hedging positions within the meaning of Regulation 425.02. The initial statement of the member or registered eligible business organization filed on behalf of a person shall be filed no later than 10 business days after the day on which the person's position exceeds the speculative limit for each contract specified in Regulation 425.01 (a), and shall include:
- (1) A description of the kinds of intended positions and their potential size;
  - (2) A statement affirming that the kinds of intended positions are bona fide or economically appropriate hedging positions; and
  - (3) With respect to the kinds of intended positions that are described as non-enumerated hedging positions under Regulation 425.02(c), a justification that the kinds of intended positions are consistent with the definition of bona fide or economically appropriate hedging positions within the meaning of Regulation 425.02(a).

- (b) Supplemental Statements. Whenever there is a material change in the information provided in the person's most recent statement pursuant to this Regulation, a supplemental statement which updates and confirms previous information shall be filed with designated staff or a Committee authorized by the Board by every member or registered eligible business organization owning, controlling or carrying such person's position. The supplemental statement shall be filed no later than 10 business days after the day on which the person's position exceeds the level specified in the most recent statement.
- (c) A Committee or designated staff authorized by the Board will monitor bona fide or economically appropriate hedging positions. The initial and supplemental statements prescribed in subsections (a) and (b) above must be submitted to the Office of Investigations and Audits and shall be maintained on a confidential basis. The Board, or a Committee or designated staff authorized by the Board may request additional relevant information necessary to ensure compliance with this Regulation 425.03. (10/01/00)

#### 425.04 Exemptions From Position Limits -

- (a) The Board, or a Committee authorized by the Board, may establish particular position limits on those positions of a person normally known as "spreads, straddles or arbitrage," including:
- (1) intramarket spreads;
  - (2) intermarket spreads;
  - (3) cash-futures arbitrage, where "cash" is defined as spot or forward positions; or
  - (4) eligible option/option or option/futures spreads as defined in Regulation 425.01.

In addition, the Board or a Committee authorized by the Board, may establish, on a case by case basis, particular maximum position limits on certain risk management positions in interest rate, stock index and currency futures and options, including:

- (1) Long positions (futures, long calls, short puts) whose underlying commodity value does not exceed the sum of:
  - (i) Cash set aside in an identifiable manner, or any of the following unencumbered instruments so set aside, with maturities of less than 1 year: U.S. Treasury obligations; U.S. agency discount notes; commercial paper rated A2 or better by Standard & Poors and P2 or better by Moody's; banker's acceptances; or certificates of deposit, plus any funds deposited as margin on such positions; and
  - (ii) Accrued profits on such positions held at the futures commission merchant.
- (2) Long positions (futures, long calls) whose underlying commodity value does not exceed the sum of:
  - (i) The value of equity securities, debt securities, or currencies owned and being hedged by the trader holding such futures or option position, provided that the fluctuations in value of the position used to hedge such securities are substantially related to the fluctuations in value of the securities themselves; and
  - (ii) Accrued profits on such positions held at the futures commission merchant.
- (3) Short calls whose underlying commodity value does not exceed the sum of:
  - (i) The value of securities or currencies underlying the futures contract upon which the option is based or underlying the futures contract upon which the option is based or underlying the option itself and which securities or currencies are owned by the trader holding such option position; and
  - (ii) The value of securities or currencies whose price fluctuations are substantially related to the price fluctuations of the securities or currencies underlying the futures contract upon which the option is based or underlying the option itself and which securities or currencies are owned by the trader holding such option position.

Risk management positions eligible for particular position limits under this Regulation do not include

those considered as bona fide or economically appropriate hedging positions as defined in Regulation 425.02.

(b) Requirements for Exemptions from Position Limits. Every member or registered eligible business organization which owns, controls or carries positions on behalf of a person who wishes to make purchases or sales of any commodity for future delivery or any option on a contract for future delivery in excess of the position limits then in effect, shall file statements on behalf of the person with the Exchange, in such form and manner as shall be prescribed by the Board, or by a Committee authorized by the Board, in conformity with the requirements of this subsection.

(1) Initial Statement. Initial statements concerning the classification of positions normally known in the trade as "spreads, straddles or arbitrage," or risk management positions, as described in subsection (a) above, for the purpose of subjecting such positions to particular position limits above those specified in Regulation 425.01 (a), shall be filed with designated staff or Committee authorized by the Board no later than 10 business days after the day on which such positions exceed the position limits then in effect. Such statements shall include information necessary to enable the Board, or a Committee authorized by the Board, to make a determination that the particular kinds of intended positions should be eligible for a higher position limit, including, but not limited to:

(i) A description of the specific nature and size of positions for future delivery or in options on contracts for future delivery and offsetting cash, forward or futures positions, where applicable, and affirmation that intended positions to be maintained in excess of the limits set forth in Regulation 425.01 (a) will be positions as set forth in subsection (a) above; and

(ii) In the case of risk management positions, information on the cash portfolio being managed and/or any cash or cash market instruments held in connection with the intended risk management position, as well as other information relevant to the conditions specified in subsection (a) above. Of particular interest are whether the cash market underlying the futures or option market has a high degree of demonstrated liquidity relative to the size of the positions, and whether there exist opportunities for arbitrage which provide a close linkage between the cash market and the futures or options market in question; and whether the positions are on behalf of a commercial entity, including parents, subsidiaries or other related entities, which typically buys, sells or holds the underlying or a related cash market instrument.

(2) Supplemental Statements. Whenever there is a material change in the information provided in the person's most recent statement pursuant to this Regulation, a supplemental statement which updates and confirms previous information shall be filed with designated staff or a Committee authorized by the Board by every member or registered eligible business organization owning, controlling or carrying such person's position. The supplemental statement shall be filed no later than 10 business days after the day on which the person's position exceeds the level specified in the most recent statement.

(c) A Committee or designated staff authorized by the Board will monitor the positions maintained by persons who have obtained particular position limits under the provisions of this Regulation. The initial and supplemental statements prescribed in subsections (b) (1) and (b) (2) above must be submitted to the Office of Investigations and Audits and shall be maintained on a confidential basis. The Board, or a Committee or designated staff authorized by the Board, may request additional relevant information necessary to ensure compliance with this Regulation 425.04, and may, for any good reason, amend, revoke or otherwise limit the particular position limits established.

(d) The provisions of this Regulation 425.04 shall not apply to Corn, Oats, Soybean, Wheat, Soybean Oil and Soybean Meal futures and options contracts traded on the Exchange. (10/01/00)

#### 425.05 Exemption from Aggregation for Position Limit Purposes -

(a). Positions carried for an eligible entity as defined in Commodity Futures Trading Commission Regulation 150.1(d), in a separate account or accounts of an independent account controller, as



defined in Commodity Futures Trading Commission Regulation 150.1(e) may exceed the position limits set forth in Regulation 425.01 to the extent such positions are positions not for the spot month and which are carried for an eligible entity as defined by Commodity Futures Trading Commission Regulation 150.1 or such other persons as the Commission deems exempt pursuant to Regulation 150.3, in the separate account or accounts of an independent account controller provided however, that the overall positions held or controlled by each such independent account controller may not exceed the limits specified in Regulation 425.01.

- (b) Additional Requirements for Exemption of Affiliated Entities - If the independent account controller is affiliated with the eligible entity or another independent account controller, each of the affiliated entities must:
- 1) Have and enforce, written procedures in place to preclude such account controllers from having knowledge of, gaining access to, or receiving data about, trades of other account controllers. Such procedures must include document routing, and other procedures or security arrangements, including separate physical locations, which would maintain the independence of their activities provided, however, that such procedures may provide for the disclosure of information which is reasonably necessary for an eligible entity to maintain the level of control consistent with the fiduciary responsibilities and necessary to fulfill its duty to supervise diligently the trading done on its behalf;
  - 2) Trade such accounts pursuant to separately developed and independent trading systems and market such trading systems separately; and
  - 3) Solicit funds for such trading by separate Disclosure Documents that meet the standards of Commodity Futures Trading Commission Regulation 4.21.
- (c) Upon request by the Board or a Committee authorized by the Board or such person responsible for the supervision of the Office of Investigations and Audits, any person claiming an exemption from speculative position limits under this Regulation must provide to the Exchange such information as specified in the request relating to the positions owned or controlled by that person; trading done pursuant to the claimed exemption; the futures, options, or cash market positions which support the claim of the exemption; and the relevant business relationships supporting a claim of exemption.  
(10/01/00)

425.06 Position Accountability for U.S. Treasury Bonds - A person as defined in Regulation 425.01(c), who owns or controls an aggregate position in U.S. Treasury Bond futures and mini-sized U.S. Treasury Bond futures of more than 10,000 U.S. Treasury Bond futures contracts, and/or futures-equivalent contracts net long or net short in all months and strike prices combined, or net long or net short futures contracts in the spot month, or 25,000 option contracts for all months and all strike prices combined in each option category as defined in Regulation 425.01 (a) shall thereby be subject to the following provisions:

- - Such person shall provide, in a timely manner upon request by the Association, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- - Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the Association. (10/01/01)

425.07 Position Accountability for Long-Term and Medium-Term Treasury Notes - A person as defined in Regulation 425.01(c), who owns or controls an aggregate position in Long-Term Treasury Note futures and mini-sized Long-Term U.S. Treasury Note futures of more than 7,500 Long-Term Treasury Note futures contracts, and/or futures-equivalent contracts or more than 7,500 Medium-Term Treasury Note futures and/or futures-equivalent contracts, net long or net short in all months and strike prices combined, or net long or

net short futures contracts in the spot month, or 20,000 option contracts for all months and all strike prices combined in each option category as defined in Regulation 425.01 (a) shall thereby be subject to the following provisions:

- - Such person shall provide, in a timely manner upon request by the Association, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- - Such person automatically shall consent, when so ordered by the Association acting in its discretion, not to increase further the position in Long-Term Treasury Notes mini-sized Long-Term U.S. Treasury Notes, or Medium-Term Treasury Notes which exceeds the above-referenced 7,500 futures and/or futures-equivalent contracts or 20,000 option contracts level.
- - Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the Association. (10/01/01)

425.08 Position Accountability for 30-Day Fed Funds Futures - A person as defined in Regulation 425.01(b), who owns or controls more than 3,000 30-Day Fed Fund futures contracts, net long or net short in all months combined, or net long or net short in the spot month, shall thereby be subject to the following provisions:

- Such person shall provide, in a timely manner upon request by the Association, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- Such person automatically shall consent, when so ordered by the Association acting in its discretion, not to increase further the position in 30-Day Fed Fund futures contracts which exceeds the above-referenced 3,000 contract level.
- Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the Association. (04/01/96)

425.09 Position Accountability for mini-sized U.S. Treasury Bonds - A person as defined in Regulation 425.01(c), who owns or controls an aggregate position in mini-sized U.S. Treasury Bond futures and U.S. Treasury Bond futures of more than 20,000 mini-sized U.S. Treasury Bond futures, and/or futures-equivalent contracts net long or net short in all months combined, or net long or net short futures contracts in the spot month as defined in Regulation 425.01(a) shall thereby be subject to the following provisions:

- - Such person shall provide, in a timely manner upon request by the Association, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- - Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the Association. (10/01/01)

425.10 Position Accountability for mini-sized Long-Term U.S. Treasury Notes - A person as defined in Regulation 425.01(c), who owns or controls an aggregate position in mini-sized Long-Term U.S. Treasury Note futures and Long-Term Treasury Note futures of more than 15,000 mini-sized Long-Term U.S. Treasury Note futures and/or futures-equivalent contracts, net long or net short in all months combined, or net long or net short futures contracts in the spot month as defined in Regulation 425.01(a) shall thereby be subject to the following provisions:

- - Such person shall provide, in a timely manner upon request by the Association, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- - Such person automatically shall consent, when so ordered by the Association acting in its discretion, not to increase further the position in mini-sized Long-Term U.S. Treasury Notes, which exceeds the above-referenced 15,000 futures and/or futures-equivalent contracts.
- - Such positions must be initiated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall

be included with the positions held by such persons. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person. (10/01/01)

425.11 Position Accountability in CBOT(R) 10-Year Municipal Note Index Futures - In conjunction with Regulation 425.01, a person as defined in Regulation 425.01(c), who owns or controls an aggregate position in CBOT(R) 10-Year Municipal Note Index futures shall thereby be subject to the following provisions:

- - Such person shall provide, in a timely manner upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- - Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person. (11/01/02)

425.12 Position Accountability in CBOT(R) 10-Year Interest Rate Swap Contracts - A person as defined in Regulation 425.01(c), who owns or controls more than 5,000 CBOT(R) 10-year Interest Rate Swap futures and/or futures-equivalent contracts, net long or net short in all months and strike prices combined, or net long or net short futures in the spot month, or 15,000 options for all months and strike prices combined in each option category as defined in Regulation 425.01(a) shall thereby be subject to the following provisions:

- - Such person shall provide, in a timely manner upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- - Such person automatically shall consent, when so ordered by the Association acting in its discretion, not to increase further the position in CBOT(R) 10-Year Interest Rate Swap contracts that exceeds the above-referenced levels of 5,000 futures or futures-equivalent contracts or 15,000 options.
- - Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person. Nothing herein shall limit the jurisdiction of the Association. (12/01/02)

425.13 Position Accountability in CBOT(R) 5-Year Interest Rate Swap Contracts - A person as defined in Regulation 425.01(c), who owns or controls more than 5,000 CBOT(R) 5-year Interest Rate Swap futures and/or futures-equivalent contracts, net long or net short in all months and strike prices combined, or net long or net short futures in the spot month, or 15,000 options for all months and strike prices combined in each option category as defined in Regulation 425.01(a) shall thereby be subject to the following provisions:

- - Such person shall provide, in a timely manner upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- - Such person automatically shall consent, when so ordered by the Association acting in its discretion, not to increase further the position in CBOT(R) 5-Year Interest Rate Swap contracts that exceeds the above-referenced levels of 5,000 futures or futures-equivalent contracts or 15,000 options.
- - Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person. Nothing herein shall limit the jurisdiction of the Association. (12/01/02)

## Ch4 Margins and Deposits

430.00 Deposits by Customers - A member acting as commission merchant for a customer (member or non-member) may require from such customer a deposit, as indemnity against liability, and subsequent deposits to the extent of any adverse fluctuations in the market price. Such deposits must be made with the commission merchant within a reasonable time after demand, and, in the absence of unusual circumstances, one hour shall be deemed a reasonable time. The failure of the customer to make such deposit within such time, shall entitle, but shall not obligate, the commission merchant to close out the trades of the defaulting customer. If the commission merchant is unable to effect personal contact with the customer, a written demand left at the office of the customer, during business hours, shall be deemed sufficient. 209 (08/01/94)

431.00 Margins - No member may accept or carry an account for a customer, whether a member or non-member, without proper and adequate margin. The Exchange shall fix minimum margin requirements.

The provisions of the foregoing paragraph do not apply to a non-clearing member who makes his own trades or who on the Floor gives his orders for trades which are exclusively for his own account and pays the brokerage thereon. 210 (08/01/94)

431.00A Permit Holder Interpretation - The term 'non-clearing member' in paragraph 2 of Rule 431.00 should be interpreted to include Permit Holders. (08/01/94)

431.01 Margins - Non-Clearing Members - A non-clearing member who makes his own futures trades or who on the Floor gives his orders for futures trades which are exclusively for his account shall be subject solely to the provisions of this Regulation. All futures transactions in such account shall be margined to the market. 1822B (08/01/94)

431.02 Margin Requirements - Margin requirements shall at all times be those requirements currently in effect. Changes in margin requirements shall be effective on all transactions.

1. Transferred to Regulations 431.03 and 431.05.
2. Clearing members may carry contracts for future delivery for foreign and domestic correspondents on a gross margin basis as provided in Paragraph 3 of Regulation 431.03, but only to the extent that such contracts are those of customers and non-customers of the foreign and domestic correspondents.
3. If stocks, bonds or similar collateral, which must be free from liens and from any impediments to negotiability, are deposited with a member specifically to secure transactions which are executed on this Exchange, the current market value less the applicable haircut as specified in SEC Rule 15c3-1(c)(2)(vi) may be considered as margin value to such transactions.  
  
A registered futures commission merchant shall not accept as margin, pledge, hypothecate, assign or factor any customer owned warehouse receipt other than a warehouse receipt that is eligible for delivery in satisfaction of futures contracts at a contract market.
4. Foreign currencies or foreign government securities which are deposited with a member for margin purposes must be reported at the current rate of exchange to the dollar equivalent. The margin value will be determined by Regulation 431.02 paragraph 3.
5. In computing minimum margin requirements for any customer equities or impairment resulting from change in market prices shall be regarded as money equivalents.
6. No member shall extend any credit or give any rebate or gratuity of any kind to any person for the purpose of circumventing or evading minimum margin requirements.
7. It shall be incumbent upon each member to require satisfactory evidence that all hedging trades are bona fide hedging trades. A letter from a customer so stating will be considered "satisfactory evidence" under this paragraph unless there is reason to suspect otherwise.
8. An account shall be entitled to spread margins, whenever said account is in a spread position. The carrying member shall designate spread position on his margin records.

9. When a correspondent member's account with the Clearing House member consists of trades which are spreading trades, such account may be carried as a spreading account by the clearing member.

10. It shall be incumbent upon each member financing purchases of cash grain for country elevator customers to require satisfactory evidence that funds so loaned are not used to margin future contracts other than for the purpose of hedging cash grain.

When a customer states that funds required to fully margin his account are being transmitted at once, the member may consider this assurance in lieu of cash for a reasonable period. Members are required to keep written records of all margin calls, whether made in writing or by telephone.

11. Members shall not accept orders for new trades from a customer, unless the minimum initial margin on the new trades is deposited and unless the margin on old commitments in the account equals or exceeds the initial requirements on hedging and spreading trades and/or the maintenance requirements specified in Regulations 431.03 and 431.05 on all other trades. If the customer has a credit in excess of the initial margin requirements on all old commitments in his account, this may be used as part or all of the initial margins required on new commitments. However, credits in excess of maintenance margins and less than initial margin requirements may not be used.

12. No customer shall be permitted to make withdrawals from an account when the margin therein is less than the minimum initial margin specified in Regulations 431.03 and 431.05 or when the withdrawals would impair such minimum requirements.

13. No member may carry for a customer spreading transactions when the customer's account, figured to the market, would result in a deficit. Minimum maintenance margins required on other transactions are specified in Regulations 431.03 and 431.05. When a customer's account drops below the maintenance margin level, the account must be brought back to initial margin requirements. The failure of a member to close the customer's account before it results in such deficit or undermargined condition shall not relieve the customer of any liability to the member, nor shall such failure on the part of a member amount to an extension of credit to the customer if the member in the exercise of reasonable care has been unable to close the account without incurring such deficit or undermargined condition.

14. A member may use his discretion in permitting a customer having an established account to trade during any day without margining each transaction, provided the net position resulting from the day's trading is margined as required by Rules 286.00, 431.00 and Regulations 431.02, 431.03 and 431.05.

15. When a customer switches an open interest in the same grain from one future to another and the orders for the purchase and sale are placed simultaneously, no additional margins need be required by his commission merchant because of such switch. However, if such orders are not placed simultaneously, the new position should be margined on the basis of minimum initial margin requirements.

16. A bona fide hedger, in financial instruments, reporting positions on a gross basis pursuant to Regulation 705.01, must pay appropriate margins on the gross positions reported during the delivery month. 1822 (08/01/94)

431.02A Hedging Transactions - WHEREAS, Regulation 431.02(7) makes it incumbent "upon each member to require satisfactory evidence that all hedging trades are bona fide hedging trades," and

WHEREAS, Regulation 431.02(7) further states that "a letter from a customer so stating will be considered 'satisfactory evidence' unless there is reason to suspect otherwise;"

NOW THEREFORE, BE IT RESOLVED that whenever a non-member customer of a member or member firm carries in its hedging account an open position in any Board of Trade futures contract exceeding speculative position limits established by the Association, it shall be incumbent upon the member or member firm to satisfy itself, and to be able to confirm to the Business Conduct Committee that the open position of such non-member customer, to the extent that it exceeds such speculative position limits, represents bona fide hedging transactions.

BE IT FURTHER RESOLVED that this resolution be published as a Ruling of the Association. 42R (08/01/94)

431.03 Margin on Futures - (01/01/03)

(1) MAINTENANCE AND INITIAL MARGINS. Other than Hedging or Spreading. Under the provisions of Rule 431.00, the Exchange hereby fixes the following minimum maintenance and initial margins for futures transactions, other than hedging and spreading transactions:

	Maintenance Margin	Initial Margin Mark-Up Percentage	Initial Margin
-----			
Agricultural Group			
-----			
Corn	\$ 400 per contract	135%	\$ 540
Oats	\$ 500 per contract	135%	\$ 675
Rough Rice	\$ 400 per contract	135%	\$ 540
Soybeans	\$ 850 per contract	135%	\$1,148
Soybean Meal	\$ 500 per contract	135%	\$ 675
Soybean Oil	\$ 500 per contract	135%	\$ 675
Wheat	\$ 850 per contract	135%	\$1,148
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Metals Group			
-----			
mini-sized N.Y. Gold	\$ 200 per contract	135%	\$ 270
mini-sized N.Y. Silver	\$ 150 per contract	135%	\$ 203
-----			
Financial Instrument Group			
-----			
Treasury Bonds	\$2,000 per contract	135%	\$2,700
mini-sized Treasury Bonds	\$1,000 per contract	135%	\$1,350
Treasury Note (6 1/2-10 year)	\$1,300 per contract	135%	\$1,755
mini-sized 10 Year Treasury Notes	\$ 650 per contract	135%	\$ 878
Treasury Note (5 year)	\$1,000 per contract	135%	\$1,350
Treasury Note (2 year)	\$ 900 per contract	135%	\$1,215
Agency Notes (10 year)	\$1,500 per contract	135%	\$2,025
Agency Notes (5 Year)	\$ 600 per contract	135%	\$ 810
10-Year Interest Rate Swap	\$1,500 per contract	135%	\$2,025
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5-Year Interest Rate Swap	\$1,000 per contract	135%	\$1,350
30-Day Fed Funds	\$ 400 per contract	135%	\$ 540
Municipal Note Index	\$1,400 per contract	135%	\$1,890
mini-sized Eurodollars	\$ 250 per contract	135%	\$ 338
X-Funds (set per contract/as applicable)			
Stock Index Group			
DJIA(SM) Index	\$4,000 per contract	135%	\$5,400
mini-sized DJIA(SM) Index (\$5 mult.)	\$2,000 per contract	135%	\$2,700
Commodity Index Group			
CBOT Dow Jones - AIG(SM) Index	\$ 500 per contract	135%	\$ 675

(2) HEDGING MARGINS. Subject to the provisions of Paragraphs 8, 9,10 and 11 of Regulation 431.02, minimum initial and maintenance hedging margins on all commitments in futures shall be as follows:

	Maintenance Margin	Initial Margin Mark-Up Percentage	Initial Margin
Agricultural Group			
Corn	\$ 400 per contract	100%	\$ 400
Oats	\$ 500 per contract	100%	\$ 500
Rough Rice	\$ 400 per contract	100%	\$ 400
Soybeans	\$ 850 per contract	100%	\$ 850
Soybean Meal	\$ 500 per contract	100%	\$ 500
Soybean Oil	\$ 500 per contract	100%	\$ 500
Wheat	\$ 850 per contract	100%	\$ 850
Metals Group			
mini-sized N.Y. Gold	\$ 200 per contract	100%	\$ 200
mini-sized N.Y. Silver	\$ 150 per contract	100%	\$ 150
Financial Instrument Group			
Treasury Bonds	\$2,000 per contract	100%	\$2,000
mini-sized Treasury Bonds	\$1,000 per contract	100%	\$1,000
Treasury Note (6 1/2-10 year)	\$1,300 per contract	100%	\$1,700
mini-sized 10 Year Treasury Notes	\$ 650 per contract	100%	\$ 650
Treasury Note (5 year)	\$1,000 per contract	100%	\$1,000
Treasury Note (2 year)	\$ 900 per contract	100%	\$ 900
Agency Notes (10 year)	\$1,500 per contract	100%	\$1,500
Agency Notes (5 year)	\$ 600 per contract	100%	\$ 600

5-Year Interest Rate Swap	\$1,000 per contract	100%	\$1,000
10-Year Interest Rate Swap	\$1,500 per contract	100%	\$1,500
30-Day Fed Funds	\$ 400 per contract	100%	\$ 400
Municipal Note Index	\$1,400 per contract	100%	\$1,400
mini-sized Eurodollars	\$ 250 per contract	100%	\$ 250
X-Funds	(set per contract/as applicable)		
Stock Index Group			
DJIA(SM) Index	\$4,000 per contract	100%	\$4,000
mini-sized DJIA(SM) Index (\$5 mult.)	\$2,000 per contract	100%	\$2,000
Commodity Index Group			
CBOT Dow Jones - AIG(SM) Index	\$ 500 per contract	100%	\$ 500

(3) SPREADING MARGINS. The minimum maintenance margin of spreading transactions shall be as follows:

Intra-market spreads (involving the same commodity) where both sides of the transaction are carried on the books of one member firm shall be margined to the market, except for the following commodities which will be margined as indicated:

Old Crop/New Crop:	Initial/Maintenance
Corn	\$ 135 / \$ 100
Soybeans	\$ 473 / \$ 350
Soybean Meal	\$ 405 / \$ 300
Soybean Oil	\$ 270 / \$ 200
Wheat	\$ 608 / \$ 450
Oats	\$ 270 / \$ 200

Inter-market spreads where both sides of the transaction are carried on the books of one member firm shall be as follows (See paragraph (1) for initial margin mark-up percentage):

Ratio	Spread	Spread Credit %
1:1	Soybeans vs. Soybean Oil	50%
1:1	Soybeans vs. Soybean Meal	65%
1:1	Treasury Note (6-1/2-10 year) vs. Treasury Bond	75%
2:1	Treasury Note (6-1/2-10 year) vs. Treasury Bond	80%
1:2	Treasury Bond vs. mini-sized Treasury Bond	100%
1:2	10 Yr. Treasury Note vs. mini-sized Treasury Bond	75%
1:1	10 Yr. Treasury Note vs. mini-sized Treasury Bond	80%
1:1	10 Yr. Treasury Note vs. 10 Yr. Swap	80%
5:4	5 Yr. Treasury Note vs. mini-sized Treasury Bond	75%
1:2	5 Yr. Treasury Note vs. mini-sized Treasury Bond	65%
1:2	Municipal Note Index vs. mini-sized Treasury Bond	75%





1:1	10 Yr. Agency vs. mini-sized Treasury Bond	80%
5:4	5 Yr. Agency vs. mini-sized Treasury Bond	55%
3:2	Treasury Note (5 year) vs. Treasury Note (6-1/2-10 year)	85%
1:2	mini-sized Bond vs. mini-sized 10 Yr. Treasury Note	80%
1:1	mini-sized Bond vs. mini-sized 10 Yr. Treasury Note	75%
1:2	10 Yr. Treasury Note vs. mini-sized 10 Yr. Treasury Note	100%
1:2	Treasury Bond vs. mini-sized 10 Yr. Treasury Note	75%
1:4	Treasury Bond vs. mini-sized 10 Yr. Treasury Note	80%
3:4	5 Yr. Treasury Note vs. mini-sized 10 Yr. Treasury Note	85%
1:2	5 Yr. Treasury Note vs. mini-sized 10 Yr. Treasury Note	80%
3:4	2 Yr. Treasury Note vs. mini-sized 10 Yr. Treasury Note	75%
1:2	2 Yr. Treasury Note vs. mini-sized 10 Yr. Treasury Note	70%
1:2	10 Yr. Swap vs. mini-sized 10 Yr. Treasury Note	80%
1:2	Municipal/Note Index vs. mini-sized 10 Yr. Treasury Note	75%
1:2	10 Yr. Agency vs. mini-sized 10 Yr. Treasury Note	80%
3:4	5 Yr. Agency vs. mini-sized 10 Yr. Treasury Note	75%
1:1	Treasury Note (6-1/2-10 year) vs. Municipal/Note Index	75%
1:1	Treasury Bond vs. Municipal/Note Index	75%
1:1	Treasury Note (5 year) vs. Treasury Note (6-1/2-10 year)	80%
1:1	Treasury Note (5 year) vs. Treasury Bond	65%
5:2	Treasury Note (5 year) vs. Treasury Bond	75%
1:1	Treasury Note (5 year) vs. Municipal/Note Index	70%
1:1	Treasury Note (2 year) vs. Treasury Note (6-1/2-10 year)	70%
1:1	Treasury Note (2 year) vs. Treasury Note (5 year)	80%
1:1	2 Yr. Treasury Note vs. mini-sized Eurodollar	50%
3:2	Treasury Note (2 year) vs. Treasury Note (6-1/2-10 year)	75%
1:2	Treasury Bond vs. 10 Yr. Agency	80%
1:1	10 Yr. Agency vs. 10 Yr. Treasury Note	80%
2:3	10 Yr. Agency vs. 5 Yr. Treasury Note	70%
2:3	10 Yr. Agency vs. 2 Yr. Treasury Note	70%
1:1	10 Yr. Agency vs. 10 Yr. Swap	85%
1:2	10 Yr. Swap vs. 5 Yr. Swap	80%
1:1	5 Yr. Swap vs. 5 Yr. Treasury Note	75%
2:5	Treasury Bond vs. 5 Yr. Agency	55%
2:3	10 Yr. Treasury Note vs. 5 Yr. Agency	75%
1:1	5 Yr. Treasury Note vs. 5 Yr. Agency	85%
1:1	2 Yr. Treasury Note vs. 5 Yr. Agency	80%
2:3	10 Yr. Agency vs. 5 Yr. Agency	75%

5:3	mini-sized Eurodollar vs. 30-Day Fed Funds	80%
1:1:1	Crush Spread (Same Crop Year) Soybeans (September Forward) vs. Soybean Meal (October Forward) vs. Soybean Meal (October) vs. Soybean Oil (October Forward)	80%
10:11:9	Crush Spread-Soybeans vs. Soybean Meal vs. Soybean Oil	80%

For the purpose of this paragraph, a crush spread is a position of 5,000 bushels of soybeans against one contract of soybean meal and one contract of soybean oil or a ratio of contracts that conforms to generally accepted soybean processor crush relationships. The number of crush spreads is limited to the net positions within any of the commodities.

- (4) INTER-MARKET SPREADS. Inter-market spreads (involving the same commodity) where both sides of the transaction are carried on the books of one member firm shall be margined on the Chicago Board of Trade side as follows (SPAN does not currently recognize inter-market spreads):

Ratio	Spread	Spread Credit %
1:1	CBOT Wheat vs. Kansas City Board of Trade Wheat	80%
1:1	CBOT Wheat vs. Minneapolis Grain Exchange Spring Wheat	50%
5:1	mini-sized N.Y. Silver vs. Comex Silver	50%
3:1	mini-sized N.Y. Gold vs. Comex Gold	50%
Other inter-market spreads		
2:3	CBOT T-Note (2 year) vs. CME Eurodollar	70%
5:2	CBOT T-Note (2 year) vs. FINEX T-Note (5 year)	80%
5:2	CBOT T-Note (5 year) vs. FINEX T-Note (5 year)	80%
5:2	CBOT T-Note (5 year) vs. FINEX T-Note (2 year)	80%
1:1	CBOT DJIA (SM) vs. KCBOT Mini-Value Line	70%
5:2	CBOT DJIA (SM) vs. KCBOT Value Line	70%
1:10	CBOT DJIA (SM) vs. Amex Diamonds	\$800 (per CBOT side)
3:1	CBOT DJIA (SM) vs. CME S&P 500	65%
6:1	mini-sized CBOT DJIA (SM) (\$5) vs. CME S&P 500	65%
1:2	CBOT DJIA (SM) vs. CME mini-S&P 500	65%
1:1	mini-sized CBOT DJIA (SM) (\$5) vs. CME mini-S&P 500	65%

(5) INTER-MARKET SPREADS FOR CBOT AND MIDAM CONTRACTS

(a) Customers

For purposes of Regulations 431.03 and 431.05, any spread or other recognized strategy specified therein may consist of a combination of positions in Chicago Board of Trade and MidAmerica Commodity Exchange (MidAm) contracts, provided that each MidAm position in such a combination is equivalent in size, and is in the same commodity, as is specified with respect to a Chicago Board of Trade position.

(b) Non-Clearing Members

For purposes of Regulations 431.01, 431.03 and 431.06, any spread or other recognized strategy specified therein may consist of a combination of positions in Chicago Board of Trade and MidAmerica Commodity Exchange (MidAm) contracts, provided that each MidAm position in such a combination:

- is equivalent in size, and is in the same commodity, as is specified with respect to a Chicago Board of Trade position;

and

-- is in a contract in which the non-clearing member has MidAm membership privileges.

431.03A Margins-Spreads involving soybeans versus only crude soybean oil or only soybean meal or spreads involving crude soybean oil versus soybean meal do not meet the requirements of Paragraph 4(a) of Regulation 431.03 and, therefore, do not qualify for margins on one side only. 34R (08/01/94)

431.03B Margins-The Rules Committee was asked the following questions:

- (1) Is it permissible for a carrying broker to maintain an account with a bank where it is specified that the deposits therein are made at the request of a particular client - such funds not necessarily being those of the client.
- (2) Is it permissible to maintain such an account, limiting it to the amounts deposited by such client.

The Committee is unanimously of the opinion that these practices are a violation of the Association's minimum margin Rules and Regulations. They constitute the extending of credit for margins. 40R (08/01/94)

431.04 Notice of Undermargined Omnibus Accounts-(See 285.05) (08/01/94)

431.05 Margin on Options-Under the provisions of Rule 431.00, the Board hereby establishes that minimum margins for option transactions will be determined by the \*Standard Portfolio Analysis of Risk- (SPAN-) margin calculations.

Maintenance margin will equal the maximum of:

- (a) Market Risk Margin calculation
- (b) Extreme Market Risk calculation
- (c) Gross Short Option calculation
- (d) Initial margins for each commodity are identified in Regulations 431.03(1), (2) and (3).

For all long option positions premium must be paid in full when the position is initiated. See Regulations 1305.01, 2705.01, 2805.01, 2905.01, 3005.01, 3105.01, 3205.01, 3305.01, 3505.01, 3605.01, 4405.01, 4605.01, 5005.01, 5205.01 and 5805.01.

The values of the following policy variables will be determined by the Board of Directors:

1. Normal range of futures price changes.
2. Normal range of implied volatility changes.
3. Intermonth spread margin for determining intermonth spread risk.
4. Extreme range of futures price changes.
5. Backup margin collection ratio for the Extreme calculation.
6. Gross short option assessment level. (01/01/03)

431.06 Margin on Options-Non-Clearing Members--A non-clearing member who makes his own option trades or who on the Floor gives his orders for option trades which are exclusively for his account shall be subject solely to the provisions of the \*Standard Portfolio Analysis of Risk-margin (SPAN-).

Maintenance margin will equal the maximum of:

- (a) Market Risk Margin calculation.
- (b) Extreme Market Risk calculation.
- (c) Gross Short option calculation.

For all long option positions premium must be paid in full when the position is initiated. See Regulations

1305.01, 2705.01, 2805.01, 2905.01, 3005.01, 3105.01, 3205.01, 3305.01, 3505.01, 3605.01, 4405.01, 4605.01, 5005.01, 5205.01 and 5805.01. (01/01/03)

\*"SPAN-" and "Standard Portfolio Analysis of Risk-" are trademarks of the Chicago Mercantile Exchange. The Chicago Mercantile Exchange assumes no liability in connection with the use of SPAN by any person or entity.

B. Inter-Market Option Spreads--(See 431.03) section 5 (12/01/01)

432.00 Customers' Securities--The improper use of a customer's securities is inconsistent with just and equitable principles of trade. 211 (08/01/94)

433.00 Agreement for Use of Securities--An agreement between a member and a customer, authorizing the member to pledge securities, either alone or with other securities carried for the account of the customer, either for the amount due thereon or for a greater amount, or to lend such securities, does not justify the member in pledging or loaning more of such securities than is fair and reasonable in view of the indebtedness of said customer to said member.

No form of general agreement between a member and a customer shall warrant the member in using securities carried for the customer for delivery on sales made by the member for his own account, or for any account in which the firm or corporation of said member or of any general or special partner therein is directly or indirectly interested. 212 (08/01/94)

433.01 Construction of Rules 432.00 and 433.00--A customer's wholly owned securities and/or excess collateral (securities in excess of the approximate amount required to enable the member carrying the account to finance it) must be segregated in a manner which clearly identifies their ownership. The member carrying the account shall keep a record of the location of such segregated securities and the means by which their ownership may be identified. When such securities are in the custody of another broker, the member carrying the account shall keep such other broker fully informed at all times as to the specific securities to be segregated. This Regulation applies to both odd lots and round lots. (08/01/94)

443.00 Exempt Transactions--The provisions of the Rules and Regulations respecting member rates of commission and brokerage rates shall be superseded not later than March 4, 1978. 219A (08/01/94)

444.01 Transfer Trades; Exchange of Futures for Physicals and Give-up Transactions--Transfer trades, or office trades, are defined and limited to trades made upon the books of a commission merchant for the purpose of: (a) transferring existing trades from one account to another within the same office where no change in ownership is involved; or, (b) transferring existing trades from the office of one commission merchant to the office of another commission merchant where no change in ownership is involved, provided that no such transfer may be made for the purpose of evading and avoiding delivery on such trades and provided further that if such transfer is made after receipt from the Clearing House of a notice of intention to deliver applicable to such trades, then the notice of intention to deliver must be passed through the Clearing House along with the trades so transferred and the Clearing House shall thereupon pass the notice of intention to deliver to the commission merchant to whom such transfer has been made and delivery shall be taken by such commission merchant; or, (c) exchanging futures for cash commodities or in connection with cash commodities transactions; or, (d) exchanging futures for, or in connection with, swap transactions involving Dow Jones-AIG Commodity Index (SM) futures, Municipal Bond Index futures, 10-Year Interest Rate Swap futures, 5-Year Interest Rate Swap futures and Long Term and Medium Term (Fannie Mae (R) Benchmark and Freddie Mac Reference) Note (sm) futures; or, (e) exchanging futures for, or in connection with, over-the-counter derivative transactions involving Wheat, Oat and Rice futures; or (f) to establish the prices of cash commodities; or, (g) correcting errors on cleared trades, provided the original trade documentation confirms the error and the special clearing code or screen designated by the Board of Directors has been used to identify these transfers; or (h) transferring trades executed on behalf of another commission merchant from the account of the executing commission merchant to the account of the other commission merchant customer where no change of ownership is involved, provided that the special clearing code or screen designated by the Board of Directors has been used to identify these transfers. The Business Conduct Committee ("BCC") or designated staff pursuant to delegated authority, may, in its discretion, upon written request, exempt a transfer trade from the requirements of this provision providing that the transfer trade is made for the purpose of combining the positions held by two or more commodity pools which are operated by the same commodity pool operator and traded by the same commodity trading advisor, pursuant to the same strategy, into a single account so long as the transfer does not result in the liquidation of any open positions, and the pro rata allocation of interests in the consolidating account does not result in more than a de minimis change in the value of the interest of any pool participant. Additionally the BCC, or designated staff pursuant to delegated authority, in its discretion, upon written request, may exempt such other transfers in connection with or as a result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities.

Give-up transactions must be transferred in accordance with the procedure provided in subparagraph (h) above. In the case of give-up transactions, the commission merchant ("executing commission merchant") executing a trade on behalf of another commission merchant (the "carrying commission merchant") (including such carrying commission merchant's customers) must submit the trade to the Clearing House for clearing, and remains responsible for the clearing and settlement of such trade as prescribed by the Clearing House. Executing commission merchants and carrying commission merchants must utilize an automated invoicing system for commission payments resulting from give-up transactions, as determined by the Board of Directors. Notwithstanding the foregoing, the executing commission merchant, carrying commission merchant and, as applicable, the customer on the account at the carrying commission merchant for which the trade is executed, may by agreement set out their respective obligations and financial responsibility to one another relating to the transfer of the trade.

Exchange of futures in connection with cash commodity transactions or of futures for cash commodities or of futures for, or in connection with, swap transactions involving Dow Jones-AIG Commodity Index (SM) futures, Municipal Bond Index futures, 10-Year Interest Rate Swap futures, 5-Year Interest Rate Swap futures and Long Term and Medium Term (Fannie Mae (R) Benchmark and Freddie Mac Reference) Note (sm) futures, or the exchanging of futures for, or in connection with, over-the-counter derivative transactions involving Wheat, Oat and Rice futures may be made at such prices as are mutually agreed upon by the two parties to the transaction.

All transfer trades made between the offices of two commission merchants and all office trades made in connection with cash commodity transactions or the exchange of futures for cash commodities or the exchange of futures for, or in connection with, swap transactions involving Dow Jones-AIG Commodity Index (SM) futures, Municipal Bond Index futures, 10-Year Interest Rate Swap futures, 5-Year Interest Rate Swap futures and Long Term and Medium Term (Fannie Mae (R) Benchmark and Freddie Mac Reference) Note (sm) futures or the exchange of futures for, or in connection with, over-the-counter derivatives involving Wheat, Oat and Rice futures shall be

designated by proper symbol as transfer or office trades and must be cleared through the Clearing House in the regular manner.

Transfer trades must be made at the same price or prices which appear on the books of the transferring commission merchant, and the transfer must also show the date when such trade or trades were originally made; provided, however, that those transfers involving a debtor as defined by and in accordance with Regulation 272.02 shall retain the original trade date for purposes of delivery but shall be entered on the books of the transferee at the settlement price on the day of the transfer. In addition, each party to transfer trade transactions shall file with the Clearing House a memorandum stating the nature of the transaction, whether the transaction has resulted in a change of ownership, the kind and quantity of cash commodity, swap, or over-the-counter derivative option if any is involved, the kind, quantity and price of the commodity future, the name of the opposite Clearing member, if any, and such other information as the Clearing House may require. 1809A (01/01/03)

444.01A Transfer Trades and Inter-Market Spreads - - Owing to the fact that some questions have arisen as to what may properly be handled in the way of give-ups, as office trades or transfer trades, particularly in connection with the new Commodity Exchange Act, the Directors have found it necessary to clarify this situation with certain interpretations which will be mailed to all members shortly. In the meantime, there is one point which seems important because of the past custom of the trade, and we wish to call attention to it. In case a house has spread orders between markets at a guaranteed difference, such as buying Winnipeg or Minneapolis or Kansas City and selling Chicago at a fixed difference, it has been customary in the past in the event they found some other house going the other way at the same difference to exchange futures in the two markets in order to consummate the spread. In other words, this was done by give-ups rather than by pit executions. Under the new interpretation, such a give-up is not permissible, inasmuch as it involves a change of ownership and is not a give-up against a cash transaction, as interpreted by the Commodity Exchange Act or the Board of Trade Rules. Accordingly, it will not be permissible to exchange futures in the form of give-ups under such circumstances, which will compel the actual filling of these limited spreads by means of pit executions.

While this appears to work a certain amount of hardship, it seems to be required in order to conform to the law and to the Rules of the Association; and, accordingly, attention is directed to it in order to avoid possible confusion where spreads are being worked between two markets. (08/01/94)

444.01B Prohibition on Exchange of Futures for Cash Commodities and on Exchange of Futures for, or in Connection with, Swap Transactions and on Exchange of Futures for, or in connection with OTC Agricultural Transactions Involving Multi-Parties--The exchange of futures for cash commodities or in connection with cash commodity transactions or of futures for, or in connection with, swap transactions involving Dow Jones-AIG Commodity Index futures, Municipal Bond Index futures, 10-Year Interest Rate Swap futures, 5-Year Interest Rate Swap futures and Long Term and Medium Term (Fannie Mae(R) Benchmark and Freddie Mac Reference) Note(sm) futures may only occur when the buyer of the futures contracts is the seller of the cash commodity and the seller of the futures contracts is the buyer of the cash commodity. The exchange of futures for, or in connection with, over-the-counter derivative transactions involving Wheat, Oat and Rice futures may occur only when the buyer and seller of the futures contracts are the opposing sides to the OTC transaction and have respectively, the short and long market exposure associated with the OTC transaction. All such transactions must be submitted to the clearing house by a clearing firm acting on its own behalf or for the beneficial account of a customer who is a party to the transaction. (01/01/03)

444.02 Clearance of Exchanges of Futures for Physicals Transactions, of Exchanges of Futures for, or in Connection with, Swap Transactions, and of Exchange of Futures for, or in Connection with, OTC Transactions - With respect to the futures portion of an exchange of future for physical transaction or swap transaction involving Dow Jones-AIG Commodity Index (SM) futures, Municipal Bond Index futures, 10-Year Interest Rate Swap futures, 5-Year Interest Rate Swap futures and Long Term and Medium Term (Fannie Mae(R) Benchmark and Freddie Mac Reference) Note(SM) futures, or over-the-counter derivative transaction involving Wheat, Oat or Rice futures, clearing firms on opposite sides of the transaction must subsequently approve the terms of the transaction, including the clearing firm (division), price, quantity, commodity, contract month and date prior to submitting the transaction to the Clearing House. (01/01/03)

444.03 Transfer Trades in a Delivery Month--During the delivery month and 2 business days prior to the first delivery day, (or in the case of crude petroleum during position month) transfer trades for the purpose of offsetting existing positions where no change of ownership is involved are prohibited when the date of execution of the position being transferred is not the same as the transfer date. Positions carried at different houses for the same owner 2 business days prior and to a delivery month and thereafter (or in the case of crude petroleum during position month) are required to be offset in the pit or through the normal delivery process. The receiving firm has the responsibility to assure compliance with this regulation. (08/01/94)

444.04 Exchange of Futures for, or in Connection with, Swap Transactions Involving Dow Jones-AIG Commodity Index futures, Municipal Bond Index Futures, 10-Year Interest Rate Swap Futures, 5-Year Interest Rate Swap futures and Long Term and Medium Term Fannie Mae(R) Benchmark and Freddie Mac Reference Note(sm) Futures--An exchange of futures for, or in connection with, a swap transaction (EFS) consists of two discrete, but related, transactions; a swap transaction and a futures transaction. At the time such transaction is effected, the buyer and seller of the futures must be, respectively, the seller and the buyer of the

swap. The swap component shall involve the commodity underlying the futures contract (or a derivative, by-product or related product of such commodity). The quantity covered by the swap must be approximately equivalent to the quantity covered by the futures contracts. (07/01/02)

444.05 Transfer Trades for the Purpose of Offsetting mini-sized Dow/SM/ Futures (\$5 multiplier) and CBOT(R) Dow Jones Industrial Average/SM/ (DJIA/SM/) Futures - With the consent of the account controller, a clearing member may offset and liquidate long mini-sized Dow/SM/ futures (\$5 multiplier) positions against short DJIA/SM/ futures positions, or short mini-sized Dow/SM/ futures (\$5 multiplier) positions against long DJIA/SM/ futures positions, held in the same contract month and year and in the same account in a ratio of 2 (two) mini-sized Dow/SM/ (\$5 multiplier) contracts to 1 (one) DJIA/SM/ contract. The clearing member shall notify the Clearing House of offsetting positions by submitting reports to the Clearing House in such form and manner as the Clearing House shall specify. The positions being offset shall be transferred to a holding account at the Clearing House and long and short positions in the same contract month in the holding account will be netted, thus reducing the number of open positions in such contract. (01/01/03)

444.06 Exchange of Futures For, Or in Connection With, OTC Transactions Involving Wheat, Oat and Rice Futures - An exchange of futures for, or in connection with, an over-the-counter (OTC) derivative transaction consists of two discrete, but related, transactions; an OTC transaction and a futures transaction. At the time such transaction is effected, the buyer and seller of the futures contracts must be the opposing sides to the OTC transaction and have, respectively, the short and long market exposure associated with the OTC transaction. The OTC transaction shall involve the commodity underlying the futures contract (or a derivative, by-product or related product of such commodity). The quantity covered by the OTC transaction must be approximately equivalent to the quantity covered by the futures contracts. This transaction is only available to entities that are described in the Commodity Futures Trading Commission Ag Trade Option Regulation 32.13(g) and who enter into such transaction in accordance with CFTC Regulation 32.13. (01/01/03)

450.00 Exchange Service Fees -

- (a) members, membership interest holders and member firms. Each Full and Associate Member (hereinafter referred to as "Members"), Membership Interest Holder and member firm shall be obligated to pay to the Association, at such times and in such manner as the Board may prescribe, fees for transactions executed by open outcry, in accordance with the following fee schedules. All rate specifications are per contract/per side. All volume specifications are per calendar month.
- (1) Trades for a Member's or Membership Interest holder's own account: 5 cents. The maximum of fees paid by any Full or Associate Member pursuant to this subsection shall be \$25,000 per year per person who initiates and executes the trades.
  - (2) Trades executed by a Member or Membership Interest holder as a floor broker for others: 5 cents. Provided, however, that this charge shall not apply to trades which are both initiated and executed by the same Member or Membership Interest holder for the account of a Member or Membership Interest holder, or the proprietary account of a member firm. The maximum of fees paid by any Full or Associate Member pursuant to this subsection shall be \$25,000 per year. When a Full or Associate Member executes trades as a floor broker for others and also initiates and executes trades for his/her own account, the maximum of fees paid by such Full or Associate Member for all such trades collectively shall be \$25,000 per year.
  - (3) Notwithstanding the provisions of subsections (1) and (2) of this section (a), the fees applicable with respect to Memberships and Membership Interests which are owned by member firms shall be equivalent, in the following categories, to those which the Exchange prescribes for delegates:
    - (i) Trades for such Member's or Membership Interest holder's own account; and
    - (ii) Trades executed by such Member or Membership Interest holder on behalf of any account other than the proprietary account or a customer account of the member firm owner of the Membership or Membership Interest.
  - (4) Trades for a member firm's proprietary account which are both initiated and executed by the same Member or Membership Interest holder: 5 cents. The maximum of fees paid by any member firm pursuant to this subsection shall be \$25,000 per year per person who initiates and executes the trades. As an alternative, a member firm may designate its proprietary account trades which are both initiated and executed by the same Member or Membership Interest holder to be subject to the fee schedule set forth in subsection (5).
  - (5) Trades for a member firm's proprietary account other than those described in subsection (4):
    - (i) 6 cents for contract volume up to 50,000;
    - (ii) 5 cents for contract volume from 50,000 to 150,000; and
    - (iii) 4 cents for contract volume in excess of 150,000.
- (b) non-member. Each member or registered eligible business organization handling the funds of non-member customers shall include, in the statements to each customer, an Exchange Service Fee, for transactions executed by open outcry, in accordance with the following fee schedule for each Board of Trade contract bought or sold for the account of the non-member



customer. All rate specifications are per contract/per side. All volume specifications are per calendar month.

(1) Non-agricultural contracts:

- (i) 50 cents for contract volume up to 50,000;
- (ii) 40 cents for contract volume from 50,000 to 150,000; and
- (iii) 30 cents for contract volume in excess of 150,000.

(2) Agricultural contracts:

- (i) 60 cents for contract volume up to 50,000;
- (ii) 50 cents for contract volume from 50,000 to 150,000; and
- (iii) 40 cents for contract volume in excess of 150,000.

All Exchange Service Fees collected from non-member customers shall be remitted by the member or registered eligible business organization to the Association at such times and in such manner as the Board may prescribe.

- (c) e-cbot fees for members, membership interest holders and member firms. Each Full and Associate Member (hereinafter referred to as "Members"), Membership Interest holder and member firm shall be obligated to pay, at such times and in such manner as the e-cbot Board may prescribe, fees for e-cbot transactions in accordance with the following fee schedules. All rate specifications are per contract/per side. All volume specifications are per calendar month.

(1) Trades for a Member's or Membership Interest holder's own account and trades for a member firm's proprietary account which are both initiated and executed by the same Member or Membership Interest holder:

- (i) 15 cents for contract volume up to 50,000;
- (ii) 13 cents for contract volume from 50,000 to 150,000; and
- (iii) 10 cents for contract volume in excess of 150,000.

(2) Notwithstanding the provisions of subsections (1) of this section (c), the fees applicable with respect to Memberships and Membership Interests which are owned by member firms shall be equivalent, in the following categories, to those which the Exchange prescribes for delegates:

- (i) Trades for such Member's or Membership Interest holder's own account; and
- (ii) Trades executed by such Member or Membership Interest holder on behalf of any account other than the proprietary account of the member firm owner of the Membership or Membership Interest.

(3) Trades made for a Member's, Membership Interest holder's or member firm's proprietary account other than those described in subsections (1) and (2):

- (i) 35 cents for contract volume up to 50,000;
- (ii) 30 cents for contract volume from 50,000 to 150,000; and
- (iii) 25 cents for contract volume in excess of 150,000.

Notwithstanding the foregoing, e-cbot fees for mini-sized contracts shall be at such rates as the e-cbot Board shall prescribe.

- (d) e-cbot fees for non-members. Each member or registered eligible business organization handling the funds of non-member customers shall include, in the statements to each customer, an e-cbot fee in accordance with the following schedule for each Board of Trade contract bought or sold through e-cbot for the account of the non-member customer. All rate specifications are per contract/per side. All volume specifications are per calendar month.

(1) Non-agricultural contracts:

- (i) 1 dollar 25 cents for contract volume up to 50,000;
- (ii) 95 cents for contract volume from 50,000 to 150,000; and
- (iii) 70 cents for contract volume in excess of 150,000.

(2) Agricultural contracts: 1 dollar 50 cents.

Notwithstanding the foregoing, e-cbot fees for mini-sized contracts shall be at such rates as the e-cbot Board shall prescribe.

All e-cbot fees collected from non-member customers shall be remitted by the member or registered eligible business organization at such times and in such manner as the e-cbot Board may prescribe.

- (e) licensed contract fee. In addition to the fees specified in Rule 450.00(a) through 450.00(d), as applicable, the Board may establish Licensed Contract Fees applicable to transactions in contracts which the Exchange lists for trading pursuant to a licensing arrangement, including, but not limited to, Dow Jones/sm/ and Municipal Bond Index contracts. The maximum rate for any such Licensed Contract Fee shall be 20 cents per contract/per side.

- (f) EFP/EFS surcharge. In addition to the fees specified above, as applicable, a surcharge per contract shall apply to Member, Membership Interest holder, member firm and non-member Exchange for Physicals ("EFP") and Exchange for Swap ("EFS") transactions in accordance with the following fee schedule:

- (1) Non-agricultural transactions: 25 cents.
- (2) Agricultural transactions: 15 cents.

- (g) electronic order routing fee. In addition to the fees specified in Rule 450.00(a) or 450.00(b), as applicable, a fee of 5 cents per contract shall apply to transactions resulting from orders which are routed to the Exchange Floor by an electronic order routing mechanism.
- (h) other fees. Fees shall apply on a per contract basis for exercises, deliveries, assignments and expirations in accordance with the following fee schedule:
- (1) For the account of a Member, Membership Interest holder or member firm: 5 cents.
  - (2) For the account of a non-member: 50 cents.
- (i) CBOT X-Fund surcharge for non-members. In addition to the fees specified in Rule 450.00(b) (1) and Rule 450.00(h) (2), as applicable, the Board may establish a surcharge applicable to transactions in CBOT X-Fund contracts, bought or sold, and for exercises, deliveries, assignments and expirations for the account of a non-member customer. Any such surcharge shall be on a per side basis.
- (j) temporary authorization for fee revisions. The following provisions shall apply in connection with the first amendments to this rule which are adopted by membership vote after November 1, 2001.
- (1) For a period of six months after the implementation of the above-referenced amendments, the Board of Directors and/or the e-cbot Board of Directors, as applicable, (the "applicable Board"), upon recommendation of the Executive Committee, shall be authorized to adjust the fee provisions specified in this rule, without submitting such adjustments to a membership vote.
  - (2) The applicable Board may approve such adjustments based on a determination, in that Board's sole discretion, that such adjustments are in the best interests of the Exchange and are consistent with Regulation 450.05.
  - (3) The temporary authorization set forth in this section (i) shall expire at the end of the six-month period specified in subsection (1) above.
- (k) fee obligations, collections and remittals. Members, Membership Interest holders and member firms shall be obligated to pay, to the Association, the applicable fees and surcharges specified in Rule 450.00 (e) through (i) in the same manner as is specified in Rule 450.00(a). Fees and surcharges specified in Rule 450.00 (e) through (i) which are applicable to non-member transactions shall be collected and remitted in the same manner as is specified in Rule 450.00(b).

- (l) revenue. The applicable Board shall have the authority in its discretion to suspend member transaction fees, fees on the execution of trades and non-member Exchange Service Fees at any time during a fiscal year upon making a determination that year-to-date Exchange revenues have attained a sufficient level to render the further collection of such fees unwarranted.
- (m) reports. Each member or registered eligible business organization subject to the provisions of this Rule shall submit to the Association such reports as the applicable Board may deem necessary for the administration of this Rule.
- (n) enforcement. No member or registered eligible business organization shall be obligated to the Association for the payment of Exchange Service Fees attributable to non-member transactions except to the extent that such fees are collected from non-member customers; provided, however, that each member or registered eligible business organization responsible for the collection of Exchange Service Fees shall make a bona fide and diligent effort to collect such amounts and shall not have the right, without prior approval of the Association, to release or forgive any indebtedness of a non-member to the Association for Exchange Service Fees. In the event of delinquencies in the payment of Exchange Service Fees by a non-member, the applicable Board in its discretion may order that further trading in the accounts of such non-member shall be for liquidation only until the indebtedness is paid.
- (o) special assessments. This Rule shall not be construed to supersede Rule 240.00 in any way nor to abrogate the responsibility and right of the Board to levy such additional assessments, charges or fees upon the membership as may be necessary to meet the obligations of the Association. 136 (01/01/03)

450.01 Exchange Service Fees - Payment of the Exchange Service Fee in respect to transactions executed by a Member, Membership Interest Holder, or Delegate on the Floor as a floor broker for the account of others, under Rule 450.00, must be remitted to the Exchange's Accounting Department within thirty days commencing from the date of the Exchange's invoice to the member. Failure to pay the invoiced transaction fees within the prescribed thirty days may result in the suspension (pursuant to the provisions of Exchange Regulation 540.06) of the defaulting member's membership privileges, including

floor access and the benefit of member transaction fees.

Payment of the Exchange Service Fee in respect to transactions for Members' Membership Interest Holders' or Delegates' own accounts or Member firms' accounts, under Rule 450.00, must be remitted to the Exchange's Accounting Department by the member firm clearing such transactions within twenty-one days commencing from the date of the Exchange's invoice to such clearing member firm.

No member or registered eligible business organization shall identify on its statements to nonmember customers any charge as an "Exchange Service Fee" unless the amount shown is actually due and payable to the Association under Rule 450.00. (04/01/00)

450.01A Exchange Service Fees - BE IT RESOLVED, that Regulation 450.01 be adopted with effective date of April 1, 1974 for Exchange Service Fees on member transactions and May 1, 1974 for Exchange Service Fees on non-member transactions. (08/01/94)

450.02A Member's Own Account - For the purpose of implementing Rule 450.00, the term "member's own account" shall refer only to those commodity futures or commodity options trading accounts that are wholly owned by and held in the name of one or more members. For any account held by more than one member, all trades made for such account shall pay transaction fees equal to the highest fee required of any of the individual participants in the account, in accordance with Regulation 285.07. An account owned by and held in the name of a non-member spouse or other relative of a member shall not be considered a member's account. (01/01/02)

450.02B Member's Own Account in Trust - For the purpose of Rule 450.00, a commodity futures or commodity options trading account placed in trust shall be deemed a "members own account" if the following are true:

- (1) the member is the sole settlor of the trust; and
- (2) the member is one of the trustees of the trust and as such trustee, has sole control over the investment-making decisions of the trust; and
- (3) the beneficiaries of the trust include only the member, the member's spouse and/or the member's descendants; and
- (4) the trust declaration expressly incorporates the Rules and Regulations of the Exchange, as may be amended; and
- (5) the interest in the trust that inures to the beneficiaries of the trust shall be subject to all Rules and Regulations of the Exchange, as may be amended; and
- (6) the non-member trustee, if any, expressly agrees in the trust declaration, to be subject to all Rules and Regulations of the Exchange, as amended.

The member must provide the Exchange, via the Member Services Department, a copy of the trust declaration creating the trust described in the preceding sentence as well as any amendments thereto along with a letter from an attorney stating that in the attorney's opinion, the trust created is designed to achieve the estate planning objectives of the member. Upon the member's death or if the member is adjudged incompetent, any commodity futures or commodity options trading account placed in trust pursuant to this section by such member will be treated as a non-member trading account for purposes of implementing Rule 450.00. (01/01/02)

450.02C Member Firm's Proprietary Account - For the purpose of implementing Rule 450.00, the term "member firm's account" shall refer only to those commodity futures or commodity options trading accounts that are wholly owned by and held in the name of the member firm. The term "member firm" shall refer only to a firm registered with the Exchange pursuant to Regulation 230.02. For an account to qualify as member firm proprietary account, delegates and individuals who are non-members with respect to the contracts being traded, who initiate and/or enter trades on behalf of the proprietary account must meet the following requirements:

- (1) may not provide trading capital for the account; and
- (2) may not have responsibility for downside risk of trading losses or responsibility to provide capital based on losses; and
- (3) individuals other than delegates must be issued a W-2 (or comparable documentation in jurisdictions other than the United States) and must be included in the firm's payroll tax records; and
- (4) may not contribute subordinated debt, unless the individual is a partner or shareholder of the member firm; and
- (5) gross trading profits and losses must be reported in the firm's income statement; and
- (6) the time period for which a trader is evaluated (for the determination of the percentage of trading profits) may not exceed a twelve-month period and may not carry over the firm's fiscal year-end.

Any account where the member firm shares ownership with another entity or individual must comply with Regulation 450.02E (10/01/02)

450.02D Affiliates of Member Firms - For purposes of this regulation, the term "member firm affiliate" shall mean a non-Futures Commission Merchant entity

which is wholly owned by one or more member firms, which wholly owns a member firm, or which is wholly owned by the same parent company(s) as a member firm. The term "member firm" shall refer only to a firm registered with the Exchange pursuant to Regulation 230.02.

A. A member firm affiliate may lease a Full or Associate Membership on its own behalf, thereby qualifying for delegate fee treatment (i.e., the applicable member firm fee plus the applicable delegate fee) with respect to its transactions on the Exchange.

B A member firm which owns one or more Full Memberships in addition to those required for its own registration under Rule 230.00, and/or any Associate Membership(s), (hereinafter "non-qualifying memberships") may designate such a non-qualifying membership to make its member firm affiliate eligible for member firm transaction fee treatment. Such designations shall be subject to the following provisions:

- (1) In order to become effective, the designation must be documented with, and approved by, the Exchange in such manner as the Exchange prescribes.
- (2) A non-qualifying membership may not be designated for more than one member firm affiliate at any given time.
- (3) Upon such designation, the member firm affiliate shall be subject to the Exchange's jurisdiction and to all duties and obligations imposed upon members, member firms, or other approved persons under the Rules and Regulations; provided, however, that the Exchange may exempt such member firms affiliates from any such duty or obligation which, in the Exchange's sole judgement, is incompatible or in conflict with, or is unrelated to, the activities of the member firm affiliate.
- (4) The Exchange may withdraw its approval of such designation for good cause.
- (5) A non-qualifying membership will be subject to sale by the Board for the acts or delinquencies of the member firm for which it is registered and/or for the acts or delinquencies of the member firm affiliate.
- (6) Upon the sale or transfer of a non-qualifying membership, claims may be filed pursuant to Rule 253.00 against the member for which the membership is registered and/or against the member firm affiliate.  
(10/01/02)

450.02E Joint Accounts - Any account where profits and/or losses are shared by more than one party (member or non-member), shall pay Exchange transaction fees based on the highest rate applicable of any of the account's participants. In addition, a trading account that is funded by a loan shall be deemed a joint account between the borrower and the lender unless it can be demonstrated that the terms of the loan represent a reasonable interest rate, not affected by the profits and/or losses generated in the account. Further, the terms of the loan cannot suggest that the loan need not be paid back in the event of losses.  
(10/01/02).

450.02F Transaction Fees for e-cbot Member Firms-Delegate transaction fee rates shall apply to Eurex members which obtain access to e-cbot under Regulation 9B.04 (a) based on a delegated Full or Associate Membership or a firm-registered Associate Membership. (01/01/03)

450.04 Exchange Service Fees - Adjustments - Exchange Service Fee adjustments may be granted to or required of member firms which have made overpayments to or underpaid the Exchange for any reason. The Exchange will only grant adjustments to member firms for the overpayment of exchange service fees for a period of up to one year back from the month-end preceding the date when a rebate request is made by the firm. The Exchange will only require member firms to make adjustments for the underpayment of exchange service fees for a period of up to three years back from the end of the audit period selected by the Exchange. Interest and or costs may be assessed in accordance with policies established by the Exchange. (10/01/01)

450.05 Fees -- Members and member firms will be granted lower fees than non-members. (11/01/00)

450.06 Member Fee Cap Clarification - The maximum amount of fees paid of \$25,000 as described in Rule 450.00 (a) applies only to trades executed on the Exchange trading floor and not to trades executed through e-cbot. (01/01/02)

Ch4 Adjustments

- 460.01 Errors and Mishandling of Orders - (See 350.04) (08/01/94)
- 460.02 Checking and Reporting Trades - (See 350.02) (08/01/94)
- 460.03 Failure to Check Trades - (See 350.01) (08/01/94)
- 460.04 Price of Execution Binding - (See 331.01) (08/01/94)

465.01 Records of Customers' Orders - Immediately upon receipt in the sales office of a customer order each member or registered eligible business organization shall prepare a written record of the order. It shall be dated and time-stamped when the order is received and shall show the account designation, except that in the case of a bunched order the account designation does not need to be recorded at that time if the order qualifies for and is executed pursuant to and in accordance with CFTC Regulation 1.35(a-1)(5). The order shall also be time-stamped when it is transmitted to the Floor of the Exchange and when its execution, or the fact that it is unable to be executed, is reported from the Floor of the Exchange to the sales office. All time-stamps required by this paragraph shall show the time to the nearest minute.

Immediately upon receipt on the Floor of the Exchange of a customer order, each member or registered eligible business organization shall prepare a written record of the order. It shall be dated and time-stamped when the order is received on the Floor and shall show the account designation, except that in the case of a bunched order the account designation does not need to be recorded at that time if the order qualifies for and is executed pursuant to and in accordance with CFTC Regulation 1.35(a-1)(5). The order shall also be time-stamped:

- (a) when it is transmitted to the floor broker if it is not transmitted immediately after it is received on the Floor, and
- (b) if the written order is transmitted to the floor broker, when the order is received back from the floor broker, or
- (c) if the order is transmitted to the floor broker verbally or by hand signals, when a report of its execution, or the fact that it is unable to be executed, is received from the floor broker.

Only time-stamps which are specified by the Exchange and synchronized with the Exchange Floor master clock may be used on the Exchange Floor.

It shall be an offense against the Association to manipulate or tamper with any time-stamp on the Exchange Floor, so as to put it out of synchronization with the master clock. Records of customer orders executed through the Exchange's Project A system facility shall be governed by 9B.20.

Any errors on written records of customer orders prepared on the Floor of the Exchange may be corrected by crossing out the erroneous information without obliterating or otherwise making illegible any of the originally recorded information. (07/01/99)

465.02 Application and Closing Out of Offsetting Long and Short Positions -

- (a) APPLICATION OF PURCHASES AND SALES. Any commission merchant, subject to the Rules of the Association, who
  - (1) Shall purchase any commodity for future delivery for the account of any customer (other than the "Customers' Account" of another commission merchant) when the account of such customer at the time of such purchase has a short position in the same future of the same commodity on the same market, or
  - (2) Shall sell any commodity for future delivery for the account of any customer (other than the "Customers' Account" of another commission merchant) when the account of such customer at the time of such sale has a long position in the same future of the same commodity on the same market, or
  - (3) Shall purchase a put or call option for the account of a customer when the account of such customer at the time of such purchase has a short put or call option position in the same option series as that purchased, or
  - (4) Shall sell a put or call option for the account of a customer when the account of such customer at the time of such sale has a long put or call option position in the same option series as that sold



shall on the same day apply such purchase or sale against such previously held short or long futures or options position, as the case may be, and shall promptly furnish such customer a purchase and sale statement showing the financial result of the transactions involved.

- (b) CUSTOMERS' INSTRUCTIONS. In all instances wherein the short or long futures or options position in such customer's account immediately prior to such offsetting purchase or sale is greater than the quantity purchased or sold, the commission merchant shall apply such offsetting purchase or sale to such portion of the previously held short position as may be specified by the customer. In the absence of specific instructions from the customer, the commission merchant shall apply such offsetting purchase or sale to the oldest portion of the previously held long or short position, as the case may be. Such instructions also may be accepted from any person who, by power of attorney or otherwise, actually directs trading in the customer's account unless the person directing the trading is the commission merchant (including any partner thereof), or is an officer, employee, or agent of the commission merchant. With respect to every such offsetting transaction that, in accordance with such specific instructions, is not applied to the oldest portion of the previously held futures or options position, the commission merchant shall clearly show on the purchase and sale statement issued to the customer in connection with the futures or options transaction, that as a result of the specific instructions given by or on behalf of the customer the transaction was not applied in the usual manner i.e., against the oldest portion of the previously held futures or option position. However, no such showing need be made if the commission merchant has received such specific instructions in writing from the customer for whom such an account is carried.
- (c) IN-AND-OUT TRADES; DAY TRADES. Notwithstanding the provisions of paragraphs (a) and (b) above, this Regulation shall not be deemed to require the application of purchases or sales closed out during the same day (commonly known as "in-and-out trades" or "day trades") against short or long positions carried forward from a prior date.
- (d) EXCEPTIONS. The provisions of this Regulation shall not apply to:
- (1) purchases or sales of futures contracts for the purpose of covering the granting of options on a contract market, if such purchases or sales are accompanied by instructions and other evidence that such futures contracts are cover for granted options.
  - (2) Purchases or sales constituting "bona fide hedging transactions" as defined in C.F.T.C. Regulation 1.3(z).
  - (3) sales during a delivery period for the purpose of making delivery during such delivery period if such sales are accompanied by instructions to make delivery thereon, together with warehouse receipts or other documents necessary to effectuate such delivery.
  - (4) Purchases or sales made in separate account of a commodity pool, provided that:
    - (i) The trading for such pool is directed by two or more unaffiliated commodity trading advisors acting independently, each of which is directing the trading of a separate account;
    - (ii) The commodity pool operator maintains only such minimum control over the trading for such pool as is necessary to fulfill its duty to supervise diligently the trading for such pool;
    - (iii) Each trading decision made by a commodity trading advisor for such pool is determined independently of all trading decisions made by any other commodity trading advisor for such pool;
    - (iv) The purchases and sales for such pool directed by different commodity trading advisors acting independently are executed by open and competitive means on or subject to the rules of a contract market; and
    - (v) No position held for or on behalf of separate pool accounts traded in accordance with paragraphs (d) (4) (i), (d) (4) (ii), (d) (4) (iii) and (d) (4) (iv) of this section may be closed

out by transferring such an open position from one of the separate accounts to another account of the pool.

- (5) Purchases or sales made in separate accounts owned by a customer or option customer, provided that:
- (i) Each person directing trading for one of the separate accounts is unaffiliated with and acts independently from each other person directing trading for a separate account;
  - (ii) Each person directing trading for one of the separate accounts, unless he is the account owner himself, does so pursuant to a power of attorney signed and dated by the customer, and which includes, at a minimum, the name, address and telephone number of the person directing trading and the account number over which such power is granted;
  - (iii) Each trading decision made for each separate account is determined independently of all trading decisions made for the other separate account or accounts;
  - (iv) The purchases and sales for such accounts are executed by open and competitive means on or subject to the rules of a contract market;
  - (v) No position held for or on behalf of separate accounts traded in accordance with paragraphs (d) (5) (i), (d) (5) (ii), (d) (5) (iii) and (d) (5) (iv) of this section may be closed out by transferring such an open position from one of the separate accounts to another of such accounts; and
  - (vi) The customer or option customer and each person directing trading for the customer or option customer provides the futures commission merchant with written confirmation that the trading and the operation of the customer's or option customer's accounts will be in accordance with paragraphs (d) (5) (i), (d) (5) (ii), (d) (5) (iii), (d) (5) (iv) and (d) (5) (v) of this section. The written confirmation must be signed and dated, and received by the futures commission merchant before it can avail itself of this exception provided by this paragraph.
- (6) Purchases or sales made in separate accounts of a p|) ) anted an exemption in accordance with 425.05 and 495.05 of this chapter, provided that:
- (i) The purchases and sales for such accounts are executed in open and competitive means on or subject to the rules of a contract market; and
  - (ii) No position held for or on behalf of separate accounts traded in accordance with this paragraph may be closed out by transferring such an open position from one of the separate accounts to another of such accounts.
- (7) Purchases or sales held in error accounts, including but not limited to floor broker error accounts, and purchases or sales identified as errors at the time they are assigned to an account that contains other purchases or sales not identified as errors and held in that account ("error trades"), provided that:
- (i) Each error trade does not offset another error trade held in the same account;
  - (ii) Each error trade is offset by open and competitive means on or subject to the rules of a contract market by not later than the close of business on the business day following the day the error trade is discovered and assigned to an error account or identified as error trade, unless at the close of business on the business day following the discovery of the error trade, the relevant market has reached a daily price fluctuation limit and the trader is unable to offset the error trade, in which case the error trade must be offset as soon as practicable thereafter; and
  - (iii) No error trade is closed out by transferring such an open position to another account also controlled by that same trader.

(8) Purchases or sales held in the separate accounts of a customer who has granted discretionary authority to a futures commission merchant, an associated person of a futures commission merchant, or a commodity trading advisor trading separate trading programs which have been marketed separately, provided that:

(i) The purchases or sales for such accounts are executed in open and competitive means on or subject to the rules of a contract market; and

(ii) No position held for or on behalf of separate accounts traded in accordance with this paragraph (d) (8) may be closed out by transferring such an open position from one of the separate accounts to another of such accounts.

(e) With respect to the exception from the provisions of this section set forth in paragraph (d) (5) of this section, if a futures commission merchant that carries the separate accounts of a customer or option customer, or if an associated person of such futures commission merchant, directs trading for one of the separate accounts:

(1) the futures commission merchant must first furnish the customer or option customer with a written statement disclosing that, if held open, offsetting long and short positions in the separate accounts may result in the charging of additional fees and commissions and the payment of additional margin, although offsetting positions will result in no additional market gain or loss. Such written statement shall be attached to the risk disclosure statement required to be provided to a customer or option customer under CFTC Regulation 1.55. (07/01/94)

465.02A Exchange's No Position Stance on FCM's Internal Bookkeeping Procedures - The Exchange takes no position regarding the internal bookkeeping procedures of a commission merchant who, for the convenience of a customer, may hold concurrent long and short position in the same commodity, month (and strike price). This does not relieve the commission merchant of its responsibilities under Regulation 465.02 of offsetting the position for Exchange reporting purposes (i.e., Large Trader, Open Interest and Long Positions Eligible for Delivery) and promptly furnishing the customer a purchase and sale statement showing the financial result of the transactions involved. (08/01/94)

465.03 Orders and Cancellations Accepted On A 'Not Held' Basis - (See 337.01) (08/01/94)

465.04 Records of Floor Order Forms - Clearing Members shall establish and maintain procedures that will assure the complete accountability of all floor order forms used on the Exchange Floor. Machine and handwritten orders are required to be machine sequentially prenumbered and maintained by the firm in sequential order (except as otherwise provided in Regulation 465.05). (10/01/01)

465.05 Floor Order Forms - All floor orders must be in a form approved by the Floor Governors Committee or an employee of the Office of Investigations and Audits designated by the Floor Governors Committee.

Floor order forms must be machine sequentially prenumbered and contain the following machine preprinted information:

- (1) the name of the Clearing Member (except as specified below);
- (2) bracket designations,
- (3) a space designated for the customer account number; and
- (4) a space designated for the executing broker identification. (10/01/01)

Should a Clearing Member authorize a customer to enter orders directly with a floor broker in accordance with Appendix 3B(F), the Clearing Member, at its sole discretion, may authorize the floor broker to enter the Clearing Member's name on a floor order ticket that does not include the pre-printed name of the Clearing Member. In such circumstances, the floor broker must utilize machine sequentially pre-numbered orders that include the machine pre-printed acronym of the floor broker, and the floor broker must assure the complete accountability of all floor order forms used on the Exchange Floor.

465.06 Broker's Copy of Floor Orders - Upon request, a clearing firm must provide its broker, in an expeditious and reasonable manner, with a copy of every floor order he is asked to execute. (08/01/94)

465.07 Designation of Order Number Sequences - To facilitate Exchange monitoring of order flow volume, the Exchange may prescribe particular sequences of order form numbers for member firms to use in specified areas of the Exchange Floor. (07/01/94)

465.08 Post-Execution Allocation - All trades entered and executed in accordance with CFTC Regulation 1.35(a-1)(5) regarding orders eligible for post-execution allocation, must be allocated in sufficient time to meet the requirements of the Board of Trade Clearing Corporation trade submission for the trade date of the order. (07/01/99)

466.00 Orders Must be Executed in the Public Market - (See 332.00) (08/01/94)

#### Ch4 Offices and Branch Offices

475.00 Offices and Branch Offices - Member firms and member sole proprietors may establish offices other than main offices. All offices of member firms and member sole proprietors and employees thereof shall be subject to the Rules and Regulations of the Association, and shall be subject to the jurisdiction of the Business Conduct Committee in connection therewith; provided, however, that the Business Conduct Committee may exempt such offices and employees from any such Rule or Regulation which is incompatible with, in conflict with or unrelated to the functions performed by them. The term "branch office" shall include each branch office or wholly-owned subsidiary of the member firm that solicits, accepts, or services Commodity Futures Contracts or Options and/or is listed by the member firm as a branch office with the National Futures Association.

A branch office must conduct business under the same name as the parent firm or corporation. 129 (01/01/99)

Ch4 APs and Other Employees

480.01 APs - An Associated Person ("AP") is an employee of a member sole proprietor or member firm who solicits, accepts or services business other than in a clerical capacity in commodity futures and commodity options, and who has been granted registration as an Associated Person ("AP") by the Commodity Futures Trading Commission (CFTC) or the National Futures Association (NFA) pursuant to the Commodity Exchange Act. (08/01/94)

480.02 Employers Responsible for APs - Employers, in all instances, shall be responsible for the acts and omissions of their APs and branch office managers. (08/01/94)

480.09 Other Employees - The Business Conduct Committee may require that the name, remuneration, term of employment and actual duties of any employee of a member or of a member firm shall be stated to the Committee, together with such other information with respect to the employee as the Committee may deem requisite. The Committee may, in its discretion, disapprove of said employment, remuneration or term of employment. (08/01/94)

480.10 Supervision - Any willful act or omission by which a member fails to ensure compliance with the rules, regulations and bylaws of the Association by such member's partners, employees, agents or persons subject to his supervision shall constitute an offense against the Association by the member.

Any willful act or omission by which a member firm fails to ensure compliance with the rules, regulations and bylaws of the Association by such member firm's partners, directors, officers, employees or agents shall constitute an offense against the Association by the member firm. (07/01/95)

490.00 Application of Rules and Regulations - Unless specifically negated or unless superseded, each Rule or Regulation of the Association pertaining to transactions in future delivery contracts shall apply with equal force and effect to transactions in options. (08/01/94)

490.02 Option Customer Complaints - Each commission merchant engaging in the offer or sale of options pursuant to these Rules and Regulations shall, with respect to all written option customer complaints and oral option customer complaints which result in, or which would result in an adjustment to the option customer's account in an amount in excess of one thousand dollars:

- (1) Retain all such written complaints and make and retain written records of all such oral complaints; and
- (2) Make and retain a record of the date the complaint was received, the employee who serviced the account, a general description of the matter complained of, and what, if any, action was taken by the commission merchant in regard to the complaint. (08/01/94)

490.03 Supervision Procedures - Each commission merchant engaging in the offer or sale of options pursuant to these Rules and Regulations shall adopt and enforce written procedures pursuant to which it will be able to supervise adequately each option customer's account, including but not limited to, the solicitation of such account; provided that, as used in this Regulation, the term "option customer" does not include another commission merchant. (08/01/94)

490.03A Introducing Brokers Guaranteed by Member FCMs/Supervision Procedures - The Board of Directors in a special polling held on Friday, February 3, 1984 approved the following Resolution of the Member Services Committee pursuant to Regulation 490.03 of the Association.

WHEREAS, The Commodity Futures Trading Commission has provided by regulation that introducing brokers operating pursuant to a guarantee agreement with an FCM be permitted to solicit and/or accept orders for exchange-traded options if the Exchange of which the guarantor FCM is a member has adopted rules which govern the commodity option related activity of the guaranteed introducing broker; and

WHEREAS, it is the desire of certain members to permit the solicitation and/or acceptance of Chicago Board of Trade options by introducing brokers guaranteed by a member FCM;

NOW THEREFORE, be it -

RESOLVED, that each Rule or Regulation of the Association pertaining to the options sales practices of members or their employees shall apply with equal force and effect to the options sales practices of introducing brokers who are operating pursuant to a guarantee agreement with a member FCM and such member FCM shall be fully responsible therefor, and that this Resolution shall remain in effect until rescinded by a vote of the members or until such time as the National Futures Association or other registered futures association adopts rules which are approved by the Commodity Futures Trading Commission to govern the commodity option related activity of such guaranteed introducing brokers. (08/01/94)

490.05 Disclosure - Each commission merchant engaging in the offer or sale of options pursuant to these Rules and Regulations shall enforce the following requirements pertaining to disclosure statements:

- (1) Prior to opening an options account for an options customer, each commission merchant must furnish the options customer with a separate written risk disclosure statement, as set forth and described in Commodity Futures Trading Commission Regulation 33.7, and receive from the options customer an acknowledgement, signed and dated by the options customer, that he received and understood the disclosure statement.
- (2) Each disclosure statement and acknowledgement must be retained by the commission merchant in accordance with applicable Regulations of the Commodity Futures Trading Commission.

- (3) Prior to the entry into an options transaction pursuant to these Rules and Regulations, each commission merchant or the person soliciting or accepting the order therefor must provide each options customer with all of the information required under the disclosure statement; Provided, further, that the commission merchant must provide current information to an options customer if the information provided previously has become inaccurate.
- (4) Prior to the entry into an options transaction pursuant to these Rules and Regulations, each options customer or prospective options customer shall, to the extent the following amounts are known or can reasonably be approximated, be informed by the person soliciting or accepting the order therefore of the amount of the premium, commissions, costs, fees and other charges to be incurred in connection with the options transaction, as well as the strike price and all costs to be incurred by the options customer if the option is exercised; in addition, the limitations, if any, on the transfer of an options customer's account to a commission merchant other than the one through whom the options transaction is to be executed shall also be provided in writing.
- (5) For the purposes of this Regulation, a commission merchant shall not be deemed to be an options customer. (08/01/94)

490.06 Promotional Material - Each commission merchant engaging in the offer or sale of futures and options pursuant to these Rules and Regulations shall promptly make available upon request to the Office of Investigations and Audits all promotional material pertaining to trading in such futures and options.

For the purposes of this Regulation, the term "promotional material" includes:

- (1) any text of a standardized oral presentation, or any communication for publication in any newspaper, magazine or similar medium, or for broadcast over television, radio, or other electronic medium, which is disseminated or directed to a customer or prospective customer concerning a commodity futures or option transaction;
- (2) any standardized form of report, letter, circular, memorandum or publication which is disseminated or directed to a customer or prospective customer; and
- (3) any other written material disseminated or directed to a customer or prospective options customer for the purpose of soliciting a futures or options order, including any disclosure statement. (08/01/94)

490.07 Sales Communication - Each commission merchant engaging in the offer or sale of futures and options pursuant to these Rules and Regulations is prohibited from making fraudulent or high-pressure sales communications relating to the offer or sale of such futures and options. (08/01/94)

490.09 Reports by Commission Merchants - Each commission merchant shall make and submit such reports showing options positions held by any of its customers, in such form as may be required from time to time by the Office of Investigations and Audits or the Business Conduct Committee. Specifically, and without limiting the authority of the Office of Investigations and Audits or the Business Conduct Committee under this Regulation, all information needed to comply with Part 16 of the Commission's Regulations (17 CFR Part 16) may be collected from any member. (08/01/94)



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500.00 Inequitable Proceedings - It shall be an offense against the Association to violate any Rule or Regulation of the Association or any By-Law or Resolution of the Clearing House, regulating the conduct or business of members, or any agreement made with Association, or engage in fraud, dishonorable or dishonest conduct, or in conduct or proceedings inconsistent with just and equitable principles of trade, or make default relating to the delivery of contracts traded for future delivery (unless such default was unintentional). 141 (08/01/94)

501.00 Fictitious Transactions - It shall be an offense against the Association to create fictitious transactions or to give an order for the purchase or sale of futures or options the execution of which would involve no change in ownership, or to execute such an order with knowledge of its character. 142 (08/01/94)

502.00 Demoralization of Market - Purchases or sales of commodities or securities, or offers to purchase or sell commodities or securities, made for the purpose of upsetting the equilibrium of the market and bringing about a condition of demoralization in which prices will not fairly reflect market values, are forbidden and any member who makes or assists in making such purchase or sale or offers to purchase or sell with knowledge of the purpose thereof, or who, with such knowledge shall be a party to assist in carrying out any plan or scheme for the making of such purchases or sales or offers to purchase or sell, shall be deemed to be guilty of an act inconsistent with just and equitable principles of trade. 143 (08/01/94)

503.00 Misstatements - It shall be an offense against the Association to make a misstatement upon a material point to the Board, or to a Standing or Special Committee, or to the Executive Committee, or to the Board of Governors of the Clearing House, or on an application for membership.

If, after notice and opportunity for hearing in compliance with Regulation 540.02 and 540.03, the Hearing Committee finds that a member, prior to his application for membership, has been guilty of a fraudulent, dishonorable, or dishonest act and that the facts and circumstances thereof were not disclosed on his application for membership, the member may be expelled or suspended in accordance with this chapter. 144 (08/01/94)

504.00 Acts Detrimental to Welfare of the Association - It shall be an offense against the Association to engage in any act which may be detrimental to the interest or welfare of the Association. 145 (08/01/94)

504.00A Transactions in Warehouse Receipts - Rule 504.00

It has come to the attention of the Directors that certain member firms have entered into contracts for the purchase and/or sale for deferred delivery of warehouse receipts for grain in store in Chicago.

In the opinion of the Directors, this practice is unusual and irregular and is in violation of various Rules and Regulations of the Association and is detrimental to the interest and welfare of the Association under Rule 504.00.

You are hereby notified that members are liable to discipline if they enter into contracts for the purchase or sale for deferred delivery of grain in store in Chicago or of warehouse receipts issued against grain in elevators located in the Chicago Switching District.

This interpretation does not affect the purchase and sale of grain for future delivery consummated in accordance with the Rules and Regulations relating to futures contracts; nor sales in store when payment and delivery is made on the following day nor the purchase and sale of warehouse receipts on a 'when

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delivered' basis entered into after the expiration of trading in a contract and requiring performance on or before the end of the delivery month. 3R (08/01/94)

505.00 Commodity Exchange Act - Any member or any registered eligible business organization adjudged guilty of a violation of the Commodity Exchange Act or of any Regulation or Order thereunder, by the final decision in a federal administrative or judicial proceeding may be deemed to have violated Rule 504.00 of the Association. 603 (04/01/98)

506.00 Reckless Dealing - Reckless and unbusinesslike dealing is inconsistent with just and equitable principles of trade. 146 (08/01/94)

507.00 Investment Trust Corporation - Participation by a member, or by a firm or corporation, registered under the provisions of these Rules and Regulations, in the formation or management of investment trust corporations, or similar organizations, which in the opinion of the Board involve features which do not properly protect the interests of investors therein, may be held to be an act detrimental to the interests or welfare of the Association. 148 (08/01/94)

508.00 Circulation of Rumors - The circulation in any manner of rumors of a sensational character by a member, in any case where such act does not constitute fraud or conduct inconsistent with just and equitable principles of trade, is an act detrimental to the interest or welfare of the Association.

Members shall report to the Secretary any information which comes to their notice as to the circulation of such rumors. 149 (08/01/94)

509.00 Other Offenses

A. It shall be an offense against the Association to:

- (a) Attempt extortion;
- (b) Trade systematically against the orders or position of his customers;
- (c) Manipulate prices of or attempt to corner the market in any commodity or security;
- (d) Disseminate false or inaccurate market information;
- (e) Trade or accept margins after insolvency;
- (f) Make any trade for the account of or give up the name of any clearing member without authority from such clearing member;
- (g) Be deprived of the privilege of trading under the Commodity Exchange Act;
- (h) Trade for any person deprived of the privilege of trading under the Commodity Exchange Act;
- (i) Accept an order or make a trade for the Manager, Assistant Manager, or other employee of the Clearing House except in the exercise of their official duties;
- (j) Fail to comply with an order or award of the Committee of Arbitration. 150

B. No member shall be directly or indirectly interested in or associated in business with, or have his office directly or indirectly connected by public or private wire or other method or contrivance with, or transact any business directly or indirectly with or for

- (a) Any bucket shop; or
- (b) Any organization, firm, or individual making a practice of dealing on differences in market quotations; or
- (c) Any organization, firm or individual engaged in purchasing or selling commodities or securities for customers and making a practice of taking the side of the market opposite to the side taken by customers. 152 (08/01/94)

511.00 Trading on Other Exchanges - No member of this Association shall be permitted to trade on any exchange in the City of Chicago whose Constitution, By-Laws, Rules, or Regulations prescribe or

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limit the trading privileges of our members on our own Exchange. 608 (08/01/94)

512.00 Insolvency - (See 270.00) (08/01/94)

513.00 Announcement of Suspension - (See 271.00) (08/01/94)

514.00 Insolvent Member - (See 272.00) (08/01/94)

515.00 Investigation - (See 273.00) (08/01/94)

515.01 Insolvency - (See 273.01) (08/01/94)

516.00 Reinstatement - (See 274.00) (08/01/94)

517.00 Suspended Member - Time for Settlement - (See 276.00) (08/01/94)

518.00 Suspension for Default - (See 278.00) (08/01/94)

519.00 Decorum Offenses - Disorderly conduct, sexual harassment, intentional physical abuse, the use of profane or obscene language, presence in restricted areas, the commission of any other offenses as listed in Ruling 520.00A, or the violation of any Regulation approved by the Board which relates to decorum on the Exchange Floor is a decorum offense. The penalty for any such offense may be a warning, a fine not to exceed \$5,000, and/or denial of the privilege of the Floor for a period not exceeding five (5) days, as determined by the Floor Conduct Committee. Such denial shall not be considered to be a suspension.

Except in the case of a minor penalty pursuant to Regulation 519.01 for which no hearing has been requested, the Floor Conduct Committee shall proceed in accordance with Regulations 540.02 through 540.05. The decision of the Floor Conduct Committee may be appealed to the Appellate Committee as provided in Regulation 519.02(d). (01/01/96)

519.00A Unauthorized Entry - Unauthorized entry into the trading areas (see 310.01) shall be deemed to constitute presence in restricted areas. (08/01/94)

519.01 Committee Procedure -

(a) FLOOR CONDUCT COMMITTEE.

(i) The Floor Conduct Committee may impose minor penalties against members for decorum offenses committed by such members or by any person or persons for whom such members are responsible. The Floor Conduct Committee may impose minor penalties for the offenses set forth in Regulation 520.00A. Minor penalties for the purpose of this Regulation shall be defined as a warning, fines not exceeding \$5,000 for any one offense and/or access denial not to exceed five days. A respondent may request a hearing by filing a written request for a hearing with the Exchange Services Department within ten (10) business days after the penalty is imposed; the Floor Conduct Committee shall hear the matter in accordance with Regulation 540.02 through 540.05. The decision of the Floor Conduct Committee may be appealed to the Appellate Committee as provided in Regulation 519.02(d). Failure to request a hearing shall be deemed a consent to the warning or fine. Unless a hearing is requested, if a fine is not paid within thirty (30) days after it was due, the Floor Conduct Committee may, without hearing, revoke the badge or suspend the floor privileges of a floor clerk for whose conduct the fine was imposed.

(ii) The Floor Conduct Committee pursuant to this Regulation may impose minor penalties for disorderly conduct, intentional physical abuse, sexual harassment and the use of profane or obscene language. The Floor Conduct Committee, in its discretion, may impose a fine not to exceed \$5,000, in addition to any access denial, for any violation within its jurisdiction regardless of the number of the offense.

(iii) Any member or individual with floor access privileges who has received a Floor Conduct Committee Notice of Rule(s) Violation ("ticket") for a decorum offense of Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment and/or Use of Profane or Obscene Language

and, during the same trading session, engages in a further Rule or Regulation violation relating to Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment and/or Use of Profane or Obscene Language may, in addition to other sanctions (including, but not limited to, fines, suspensions and expulsions imposed by the Association pursuant to the Rules and Regulations) be immediately and summarily removed from the Exchange trading floor and denied trading floor access for the remainder of the trading session pursuant to the following procedures:

- (1) Certification by the Chairman of the Pit Committee (or, in the Chairman's absence, by a Vice Chairman of the Pit Committee) that the individual has continued to engage in Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment and/or Use of Profane or Obscene Language after having previously received a Floor Conduct Committee Notice of Rule (s) Violation ("ticket") for the same offense in the same trading session; and
- (2) Approval of such summary action by a member of the Floor Governors Committee and a member of the Board of Directors or by two members of the Board of Directors, provided that no individual granting such approval shall have been involved in the altercation.

Additionally, should the first such offense be of such a serious nature, the individual similarly may be denied trading floor access for the duration of the trading session pursuant to the above procedure.

(b) CTR SUBCOMMITTEE.

- (i) The Chairman of the Business Conduct Committee and the Chairman of the Floor Governors Committee may each appoint at least two members of their respective Committees to serve on a joint CTR Subcommittee. The CTR Subcommittee shall, by a majority vote, elect a Chairman. The CTR Subcommittee shall address violations involving the accurate and complete maintenance of books and records, including errors or omissions in the submission of Computerized Trade Reconstruction Data. In fulfilling its responsibilities, the CTR Subcommittee shall have the same authority granted to the Business Conduct Committee and the Floor Governors Committee in Rules 542.00 and 543.00, respectively, to issue preliminary charges and to conduct hearings with regard to specified penalties, and shall have the same authority granted to such Committees to impose penalties pursuant to settlement agreements in accordance with Regulation 540.09.
- (ii) The CTR Subcommittee may, without hearing, impose minor penalties against members or member firms for violations of Regulations 332.02, 332.04, 332.041, 332.05, 332.06, 332.07, 332.08 or 332.09 that are within the jurisdiction of either the Floor Governors Committee or the Business Conduct Committee. Minor penalties for the purpose of this subparagraph shall be defined as fines not exceeding \$1,000 for any one offense.
- (iii) Following is the schedule of minor penalties the CTR Subcommittee may impose pursuant to subparagraph (ii); however, this schedule is non-binding, and the CTR Subcommittee, in its discretion, may impose a fine not to exceed \$1,000 for any violation within its jurisdiction regardless of the number of the offense:

ERRORS OR OMISSIONS IN BRACKETING	1st Offense	\$ 100 fine
TRADES:	2nd Offense	\$ 250 fine
	3rd Offense	\$ 500 fine
	4th Offense	\$1,000 fine
ERRORS OR OMISSIONS IN SUBMISSION OF	1st Offense	\$ 100 fine
COMPUTERIZED TRADE RECONSTRUCTION	2nd Offense	\$ 250 fine
DATA:	3rd Offense	\$ 500 fine
	4th Offense	\$1,000 fine

- (iv) The Floor Governors Committee may, without hearing, impose minor penalties against members for intra-association or contiguous association trading in excess of the percentages permitted by the Board pursuant to Regulation 330.03. Minor penalties for the purpose of this subparagraph shall be defined as fines not exceeding \$5,000 for any one offense.
- (v) Following is the schedule of minor penalties the Floor Governors Committee may impose pursuant to subparagraph (iv); however, this schedule is non-binding, and the Floor Governors Committee, in its discretion, may impose a fine not to exceed \$5,000 for any violation within its jurisdiction regardless of the number of the offense

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1st Offense	\$ 500 fine
2nd Offense within 24 months	\$1,000 fine
3rd Offense within 24 months	\$2,500 fine
Any subsequent offense within 24 months	\$5,000 fine

- (vi) At the time of an offense of the type set forth in subparagraph (iv), or as soon thereafter as practical, a representative of the Office of Investigations and Audits, shall upon the authorization of one member of the Floor Governors Committee, issue a ticket to the offender notifying the member or member firm that the Floor Governors Committee may impose a summary penalty in accordance with this regulation or may issue charges against the member or member firm and impose penalties as authorized in Rule 543.00. A representative of the Office of Investigations and Audits shall submit a copy of the ticket to the Floor Governors Committee. The Committee shall then determine whether to summarily impose a minor penalty or to issue charges. The Committee shall also have the authority to summarily impose minor penalties or to issue charges for the types of offenses set forth in subparagraph (iv) on the basis of reports presented to the Committee by the Office of Investigations and Audits.
- (vii) A respondent may request an appeal of a minor penalty by filing a written request for a hearing with the Office of Investigations and Audit within ten (10) business days after the penalty is imposed. The CTR Subcommittee shall hear the matter and its decision shall be final and may not be appealed. Failure to request a hearing shall be deemed a consent to the fine.
- (viii) Whenever the CTR Subcommittee summarily imposes a minor penalty against a member or member firm, the member or member firm shall be given written notification of the penalty. The notice shall inform the member or member firm of the right to appeal the penalty to the CTR Subcommittee and the consequences of a failure to pay a fine if no hearing is requested.
- (ix) Nothing contained herein shall be construed to limit or restrict the powers and authority of the Business Conduct Committee or the Floor Governors Committee. (05/01/02)

519.02 Floor Conduct Committee -

- (a) The Chairman of the Association may, with the consent of the Board, appoint members to a Floor Conduct Committee. Members of the Committee may not be members of the Floor Governors Committee.
- (b) Meetings. The Floor Conduct Committee shall determine the time and place of its meetings and the manner and form in which such meetings shall be conducted. In the interest of efficiency, the Chairman of the Floor Conduct Committee may appoint panels of Floor Conduct Committee members to hold duly constituted meetings. Any such panel shall consist of three or more members of the Floor Conduct Committee. The majority vote of such a panel of the Committee shall be the official act or decision of the Committee. The Chairman of the Floor Conduct Committee shall determine for each meeting, in his or her sole discretion, whether a panel or the full Floor Conduct Committee shall convene.
- (c) Duties of Committee. It shall be the function and duty of the Floor Conduct Committee to ensure decorum on the Floor of the Exchange in regard to decorum offenses set forth in Regulations 520.00A, 519.00A, 519.05 and 519.07 and in accordance with Rule 519.00 and Regulation 519.01. Floor Conduct Committee members shall issue a ticket to an offender notifying him that the Floor Conduct Committee has imposed a warning or fine as described in Regulations 520.00A, 519.00A and/or 519.05 and in accordance with Rule 519.00 and Regulation 519.01 for such violations which occur in the trading pits, including the steps leading into the pit. The ticket requires the signature of two members of the Floor Conduct Committee.

The Committee shall have the authority to discipline a member or other person with trading privileges found to have violated any Rule or Regulation within its jurisdiction by reprimand, by denial of the

privileges of the Floor of the Exchange not to exceed five (5) days and/or by the imposition of a fine not to exceed \$5,000.

The Chairman and Vice Chairman of the Pit Committee shall be considered members of the Floor Conduct Committee for the sole purpose of issuing tickets for decorum offenses within their pit.

The Floor Conduct Committee shall be responsible for issuing badges to and recalling badges from all non-members, except as otherwise provided within the Rules and Regulations.

- (d) Appeal. A member, member firm, or other person with floor privileges, may appeal from the decision of the Committee by filing with the Secretary of the Association, within ten business days after the Committee's decision is sent to the respondent, a Notice of Appeal to the Appellate Committee requesting a review by the Appellate Committee of all or part of the Committee's decision.
- (e) Offense Against the Association. Any member of the Association, member firm, or other person with floor privileges who fails to comply with the disciplinary action of the Committee after such action becomes effective shall be charged with an offense against the Association, and if found guilty, shall either be fined, suspended, or expelled by the Board.
- (f) Hold-over Member. Whenever the Committee members have begun to hear or review evidence and argument in any proceeding, and the term of one or more of the members expires, such member or members may continue in office until the proceeding has ended. A hold-over member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of his successor or his successor's right to participate in all other Committee business. (01/01/96)

519.03 Bracketing Violations - The Floor Governors Committee may levy fines for violations of Regulation 332.02, pertaining to the recording of bracket data, in accordance with the Summary Procedures as provided in Regulation 519.01(b). (08/01/94)

519.04 Pit Committee Supervision and Enforcement of Pit Decorum - It shall be the function and duty of each Pit Committee to supervise and enforce any and all Decorum Offenses within its particular pit. (See 360.01.) The Pit Committees' authority is meant to supersede and replace the authority of the Floor Conduct Committee for Decorum Offenses committed within the respective trading pits. The Floor Conduct Committee maintains jurisdictional authority for any and all Decorum Offenses that occur outside of the respective trading pits. (03/01/97)

519.05 Weapons Prohibition - No weapons shall be permitted on the Exchange Floor or in the lobby area adjacent to the Exchange Floor. Any violation of this Regulation shall be deemed a decorum offense and penalties may be imposed pursuant to Rule 519.00 and Regulation 519.01. (08/01/94)

519.06 Submission of Computerized Trade Reconstruction Data - The Floor Governors Committee may levy fines for violations of Regulation 545.02, 332.04, 332.041, 332.05, 332.06, 332.07, 332.08, and 332.09, pertaining to the accurate and complete maintenance of books and records, including the submission of Computerized Trade Reconstruction data, in accordance with the Summary Procedures as provided in Regulation 519.01(b). (07/01/95)

519.07 Sexual Harassment - Sexual harassment will not be tolerated on the Floor or Halls of the Exchange. Sexual harassment consists of unlawful verbal or physical conduct directed at a person when that conduct is based on that person's sex and has a substantial adverse effect on him or her in the workplace. Such conduct may include, but is not limited to, the following:

1. requests for sexual favors that may or may not be accompanied by threats or promises of preferential treatment with respect to an individual's employment status;
2. verbal, written or graphic communications of a sexual nature, including lewd or sexually suggestive comments, off-color jokes of a sexual nature or displays of sexually explicit pictures, photos, posters, cartoons, books, magazines or other items; and
3. patting, pinching, hitting or any other unnecessary contact with another person's body or threats to take such action.



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Any violation of this Regulation shall be deemed a decorum offense and penalties may be imposed pursuant to Rule 519.00 and Regulation 519.01. (01/01/96)

520.00 Smoking - Smoking of cigarettes and other smoking materials is prohibited in the Exchange Halls (during trading hours or business days). Any member, or any person affiliated with a registered eligible business organization who violates this Rule shall be guilty of an offense against the Association and, in the case of persons affiliated with a registered eligible business organization, such firm may also be found guilty of an offense against the Association. 164 (04/01/98)

520.00A Exchange Floor Fines - The Secretary of the Association shall impose a fine of \$25 to \$5,000, as directed by the Floor Conduct Committee for each violation of Rules, Regulations, directives or guidelines issued by the Floor Conduct Committee relating to smoking and other use of tobacco products, badges, food and beverage, dress code, decorum, and guests and visitors on the Exchange Floor.

The following schedule of fines is approved; however, this schedule is non-binding, and the Floor Conduct Committee, in its discretion, may impose a fine not to exceed \$5,000, in addition to any access denial, for the violations set forth below regardless of the number of the offense.

BADGES: (improper usage)	1st offense \$25.00
	2nd offense \$50.00
	3rd offense denial of access to the Floor
(Failure to display Exchange issued badge)	\$200.00 each offense
(unauthorized entry into pits)	1st offense \$100.00
	2nd offense \$200.00
	3rd offense \$500.00
(unauthorized usage of a key card)	1st offense \$1,000.00
	2nd offense denial of Floor access
SMOKING/USE OF TOBACCO PRODUCTS:	1st offense \$100.00
	2nd offense \$200.00
	3rd offense \$500.00
	4th offense disciplinary action
FOOD AND BEVERAGE:	1st offense \$50.00
	2nd offense \$100.00
	additional offense by individual - \$500.00
GUESTS AND VISITORS:	1st offense \$25.00
	2nd offense \$50.00
	3rd offense \$100.00
DRESS CODE:	1st offense \$25.00
	2nd offense \$50.00
	3rd offense \$100.00
	No jeans are to be permitted on the Exchange Floor.
RUNNING:	1st offense by individual - \$25.00
	2nd offense by individual - \$50.00

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	3rd offense by individual - \$75.00
	4th offense by individual - \$100.00
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PROPERTY OFFENSES:	1st offense \$200.00
	2nd offense \$500.00
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THROWING OF OBJECTS:	1st offense \$50.00
	2nd offense \$200.00
	3rd offense \$500.00
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The procedure for the imposition of a fine shall be as follows:

As set forth in Regulation 519.02(c), Floor Conduct Committee members shall issue a ticket to an offender for offenses which occur in the trading pits, including the steps leading into the pit. The ticket requires the signature of two Committee members.

Security guards shall issue tickets for offenses which occur outside the boundaries of the trading pits and the entrance area to the Exchange Floor.

A guard shall take the name of the offender and submit it to the Floor Conduct Committee. The Committee may issue a directive to the Secretary of the Exchange to impose a fine in the amount stated in the directive. The directive shall be signed by two members of the Floor Conduct Committee. Fines for offenses may be imposed on a member committing a violation, or upon a member or member firm for a violation committed by an employee of such member or member firm.

The Secretary of the Exchange shall give the member or member firm written notification of the fine. The notice shall inform the member or member firm of the right to request a hearing and the consequences of a failure to pay the fine if no hearing is requested.

Property offenses, for the purpose of this Ruling 520.00A, shall include sitting or standing on floor booths, standing on chairs or stools on the trading floor, extending telephone cords across an aisle, defacing property, or any other action which may damage property or impede communications or traffic on the trading floor. The privilege of the Floor will be denied, for a period of time as determined by the Floor Conduct Committee, for extending a telephone cord into a pit.

For purposes of this Ruling, the fine shall have been imposed as of the date that the written notice is delivered to the member or member firm. (02/01/95)

521.00 Floor Access - Upon receipt by the Association of actual notice that any member or registered eligible business organization, or any other person with trading privileges, has entered a plea of guilty to or has been adjudged guilty of a violation of any criminal statute involving moral turpitude, the Chairman of the Board may order an investigation (unless already in progress) to ascertain whether violations of the Rules and Regulations have occurred, and the Board may, when immediate action is necessary to protect the best interests of the marketplace, and subject to the provisions of Regulation 540.06, forthwith deny access to the trading floor to such person or registered eligible business organization until the investigation, including any disciplinary proceedings, is concluded.

The issues in a Regulation 540.06 hearing under this Rule are limited to (1) whether or not the member or registered eligible business organization, or other person with trading privileges, has entered a plea of guilty to or has been adjudged guilty of a violation of any criminal statute involving moral turpitude, and (2) whether or not immediate action is necessary to protect the best interests of the marketplace. (04/01/98)

540.00 Proceedings Before The Board - The Board may review decisions of the Appellate Committee, and may agree to hear disciplinary matters referred to it by the Appellate Committee or the Hearing Committee. Whenever the respondent shall have had an opportunity to present evidence or legal defenses in connection with the pending matter before any Standing or Special Committee in accordance with Regulations 540.02 and 540.03, and the jurisdiction of the Board is based upon either an appeal by the respondent from the decision of such Committee or is a referral of the matter by such Committee to the Board, the Board shall not entertain any new evidence or new legal defenses not raised before such Committee except upon a clear showing by the respondent that such new evidence or new legal defense did not exist or was not ascertainable by due diligence at the time of the Committee proceedings, and that there was insufficient time within the intervening period prior to the hearing of the Board for the respondent to bring such new evidence or legal defense to the attention of such Committee.

After hearing all the witnesses and the respondent, if he desires to be heard, the Board shall determine whether to affirm, reverse, modify or remand the decision of the Committee under review and may impose penalties in accordance with Rule 560.00. The finding of the Board shall be final and conclusive when rendered.

If the respondent has not been given notice and opportunity for hearing, pursuant to Regulations 540.02 and 540.03, before a disciplinary committee, the Board may, rather than holding a hearing remand the matter to the appropriate disciplinary committee. 155 (08/01/94)

540.00A Committee Authority To Refer Matters for Investigation - Any Committee of the Association which in the course of its activities discovers a possible violation of the Rules and Regulations of the Association may, refer the matter to the Office of Investigations and Audits or the appropriate disciplinary committee. 39R (08/01/94)

540.01 Review Of Investigation Report - The disciplinary committee shall promptly review each investigation report. In the event the disciplinary committee determines that additional investigation or evidence is needed, it shall promptly direct the enforcement staff to conduct its investigation further. Within a reasonable period of time not to exceed 30 days after the receipt of a completed investigation report, the disciplinary committee shall take one of the following actions:

- (a) If the disciplinary committee determines that no reasonable basis exists for finding a violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing and contain a brief statement setting forth the reasons therefor.
- (b) If the disciplinary committee determines that a reasonable basis exists for finding a violation which should be adjudicated, it shall direct that the person alleged to have committed the violation be served with a notice of charges and shall proceed in accordance with these regulations. (08/01/94)

540.02 Notice and Answer in Connection with Disciplinary Proceedings -

- (a) Prior to the imposition of any penalty by the Board of Directors or a committee under the Rules and Regulations, the respondent shall be served with a statement of charges either personally or by leaving the same at his or its office address during business hours or by mailing it to him at his place of residence, which charges shall:
  - (1) State the acts, practices, or conduct in which the respondent is believed to have engaged;
  - (2) State the Rule or Regulations believed to have been violated;
  - (3) Advise the respondent that he or it is entitled to be represented by an attorney;
  - (4) Advise the respondent that he or it is entitled to a hearing.
  - (5) State the period of time, which in no event shall be less than five (5) business days after the service of the charges, within which a hearing on the charges may be requested;
  - (6) Advise the respondent that failure to request a hearing within the period stated, except for good

cause, shall be deemed a waiver of the right to a hearing; and

(7) State the penalty which will be imposed if a hearing is waived.

- (b) If the respondent elects to answer the charges, such answer shall be filed within five (5) business days after the date of service of the charges, or within such further time as the Board of Directors or the appropriate Committee in its discretion deems proper.

The answer shall be in writing, signed by the respondent, and filed with the Office of Investigations and Audits; except that in connection with proceedings initiated under Rule 519.00 or Regulation 519.01 by the Floor Conduct Committee, such answers shall be filed with the Exchange Services Department. (08/01/94)

540.03 Procedures for Hearings on Charges - In connection with all hearings on charges, except those held pursuant to Regulation 540.05:

- (a) The respondent shall be entitled in advance of the hearing to examine all books, documents, or other tangible evidence in the possession or under the control of the Association which is to be relied upon by the Office of Investigations and Audits or Exchange Services Department in presenting the charges contained in the notice of charges or which are relevant to those charges;
- (b) At least ten (10) business days in advance of the hearing, the respondent shall submit to the Office of Investigations and Audits copies of all documents which the respondent intends to rely on in presenting his case and shall provide the Office of Investigations and Audits with a list of, and make available for inspection by the Office of Investigations and Audits, all books, records, names of witnesses, and other tangible evidence which the respondent intends to rely on; except that in any hearing held pursuant to Rule 519.00 or Regulation 519.01 by the Floor Conduct Committee, the documents and lists shall be submitted to and the books, records and other tangible evidence shall be made available for inspection by the Exchange Services Department. The hearing body, in its discretion, may refuse to consider any books, records, documents or other tangible evidence which was not made available or witnesses whose names were not submitted to the Office of Investigations and Audits, or the Exchange Services Department pursuant to this section. However, the hearing body will consider such evidence upon a clear showing that such evidence was not ascertainable by due diligence at least ten (10) business days in advance of the hearing and that there was insufficient time prior to the hearing to bring such evidence to the attention of the Office of Investigations and Audits or the Exchange Services Department.
- (c) The hearing shall be promptly held before disinterested members of the hearing body after reasonable notice to the respondent. No member of a disciplinary body may serve on that body in a particular matter if he or any person or firm with which he is affiliated has a financial, personal or other direct interest in the matter under consideration.
- (d) Formal rules of evidence need not apply, but the hearing shall not be so informal as to be unfair;
- (e) The respondent shall have the right to invoke Rule 548.00, if applicable;
- (f) The Office of Investigations and Audits shall be a party to the hearing and shall present its case on those charges and penalties which are the subject of the hearing; or in the case of any hearing held pursuant to Rule 519.00 or Regulation 519.01 by the Floor Conduct Committee, the Exchange Services Department shall be a party to the hearing and shall present its case on those charges and penalties which are the subject of the hearing.
- (g) The respondent shall be entitled to appear personally at the hearing and to be represented by counsel;
- (h) The respondent shall be entitled to cross-examine any person(s) appearing as witness(es);
- (i) Subject to the provisions of Rule 540.00, the respondent shall be entitled to call witnesses and to present such evidence as may be relevant to the charges;
- (j) Persons within the jurisdiction of the Association who are called as witnesses shall be obliged to appear at the hearing and to produce evidence (see 545.00);

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- (k) If the hearing is held at the request of the respondent, a substantially verbatim record of the hearing, capable of being accurately transcribed, shall be made and shall become part of the record of the proceeding. (10/01/95)

540.04 Disciplinary Decisions - All disciplinary decisions rendered pursuant to the Rules and Regulations shall be in writing and be based upon the weight of the evidence contained in the record of the proceeding. A copy of the decision shall be provided to the respondent and shall include:

- (a) The charges, or a summary of the charges;
- (b) The answer, if any, or a summary of the answer;
- (c) A brief summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report;
- (d) A statement of findings and conclusions with respect to each charge, including the specific Rules and Regulations which the respondent is found to have violated;
- (e) A declaration of any penalty imposed and the effective date of the penalty;
- (f) A statement that the respondent shall pay the cost of the transcription of the record of the hearing if an appeal or petition for review to the Commission is requested by the respondent.

All such decisions shall be rendered within thirty business days after the conclusion of the hearing, unless, by virtue of the complexity of the case or other special circumstances, additional time is required. (08/01/94)

540.05 Appeals from a Decision of a Disciplinary Committee - The following procedures shall apply to appeals to the Appellate Committee and the Board from the decisions of any Committee from which appeals are allowed under the Rules and Regulations.

- (a) An appeal by the respondent from the decision of a committee or a referral of the matter by such committee to the Appellate Committee shall be heard by the Appellate Committee as provided in Regulations 540.02 and 540.03. Provided, however, that whenever the respondent shall have had an opportunity to present evidence or legal defenses in connection with the pending matter before any Standing or Special Committee in accordance with Regulations 540.02 and 540.03, the appeal shall be heard solely on the record of the proceedings before such committee, the written exceptions filed by the parties and the oral or written arguments of the parties. Further, the Appellate Committee shall not entertain any new evidence or new legal defenses not raised in the prior proceeding except upon a clear showing by the respondent that such new evidence or new legal defense did not exist or was not ascertainable by due diligence at the time of the proceedings, and that there was insufficient time within the intervening period prior to the hearing of the Appellate Committee for the respondent to bring such new evidence or legal defense to the attention of the committee.

The Appellate Committee shall not reverse any finding of a Standing or Special Committee or reverse or reduce any sanction imposed by a Standing or Special Committee unless the Appellate Committee determines that the finding or sanction is "clearly erroneous."

- (b) Subject to the provisions of Rule 540.00, an appeal shall be heard by the Board solely on the record before the Committee, the written exceptions filed by the parties; and the oral and written arguments of the parties;
- (c) Within thirty days after the conclusion of the hearing of the appeal, or within such additional time as may be necessary by virtue of the complexity of the case or other special circumstances, the Appellate Committee or the Board shall issue a written decision and provide a copy to the respondent. The decision shall include a statement of findings and conclusions with respect to each charge or penalty reviewed, including the specific rules which the respondent was found by the Committee to have violated, and the effective date of the disciplinary penalties, if affirmed, or of any modified penalties.
- (d) No member of the Board or Appellate Committee shall hear an appeal if such member participated in any prior stage of the disciplinary proceeding or if he or any person or firm with which he is affiliated

has a financial, personal, or other direct interest in the matter.  
(10/01/97)

540.06 Procedures For Member Responsibility Actions - The Chairman or Acting Chairman of the Association, upon the advice of the Floor Governors Committee, Financial Compliance Committee or Business Conduct Committee, has jurisdiction to take summary action when immediate action is necessary to protect the best interests of the marketplace or membership, without affording an opportunity for a prior hearing ("member responsibility actions"). The following procedures shall apply to such actions:

- (a) The respondent shall, whenever practicable, be served with a notice before the action is taken. If prior notice is not practicable, the respondent shall be served with a notice at the earliest possible opportunity. The notice shall:
  - (1) State the action;
  - (2) Briefly state the reasons for the action, and
  - (3) State the effective time and date and the duration of the action;
- (b) The respondent shall have the right to be represented by legal counsel or any other representative of his choosing in all proceedings subsequent to any summary action taken;
- (c) The respondent shall be given an opportunity for a subsequent hearing, within five business days, before the Floor Governors Committee, Financial Compliance Committee or the Business Conduct Committee. The hearing shall be conducted in accordance with the requirements of Regulation 540.03 (c)-(j);
- (d) Within five business days following the conclusion of the hearing, the body before which the hearing is held shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall provide a copy to the respondent. The decision shall include:
  - (1) A description of the summary action taken;
  - (2) The reasons for the summary action;
  - (3) A brief summary of the evidence produced at the hearing;
  - (4) Findings and conclusions;
  - (5) A determination that the summary action should be affirmed, modified, or reversed; and
  - (6) A declaration of any action to be taken pursuant to the determination specified in (5) above and the effective date and duration of such action.

The Chairman or Acting Chairman of the Association has jurisdiction to reverse summary action taken against an individual member pursuant to Rule 270.00 or Rule 278.00, or against a member firm pursuant to Regulation 416.04, at any time prior to a hearing held pursuant to this Regulation, or, if no hearing is held, prior to the expiration of five business days after the summary action is taken, without the prior approval of the Financial Compliance Committee or the Business Conduct Committee, if the affected member or member firm demonstrates to the satisfaction of the Chairman or Acting Chairman that the condition which was the basis for the action no longer exists. (07/01/97)

540.07 Finality Of Disciplinary Decisions And Member Responsibility Actions - All disciplinary decisions rendered or member responsibility actions taken pursuant to the Rules and Regulations shall be final and conclusive when rendered, unless appealable, in which case the decision shall become final the first business day after the time for appeal has passed, if no appeal is taken, or when the decision of the appeals body is rendered.

The person or body rendering such decision shall determine the effective date of such action. Provided, however, that the effective date shall be at least fifteen (15) days after written notice is delivered to the person against whom the action is taken, and to the Commodity Futures Trading Commission, except that such action may become effective prior to that time if:

- (1) The action was taken according to the provisions of Regulation 540.06;

(2) The person against whom the action is taken has consented to the sanction to be imposed; or

(3) The action was taken by the Secretary under Rule 563.00. (08/01/94)

540.08 Offers of Settlement - Any member, member firm or other person who is the subject of charges filed before the Board or who has filed an appeal of a disciplinary action with the Board, may submit a written offer of settlement in connection with such proceedings to the President. The President is authorized to consider such settlement offers, negotiate alternative provisions therein, and recommend to the Board that it either accept or reject any settlement offer. The Board, by majority vote of a duly convened quorum, has the sole authority to accept or reject any such settlement offer. If an offer of settlement is accepted by the Board, it shall issue a written decision specifying the rule violations it has reason to believe were committed and any penalty to be imposed. Where applicable, the decision also shall include a statement that the respondent has accepted the penalties imposed without either admitting or denying the rule violations.

The member, member firm or other person who submits a written settlement offer to the President may withdraw it at any time before final acceptance by the Board. If a settlement offer is withdrawn or is rejected by the Board, the person submitting such offer neither shall be deemed to have made any admission nor shall in any manner be prejudiced by having submitted the settlement offer.

Any member, member firm or other person who is the subject of charges before the Appellate Committee or who has filed an appeal of a disciplinary action with the Appellate Committee, may submit a written offer of settlement in connection with such proceedings to the Appellate Committee. The Appellate Committee is authorized to consider such settlement offers, negotiate alternative provisions therein, and either accept or reject any settlement offer. If an offer of settlement is accepted by the Committee it shall issue a written decision specifying the rule violations it has reason to believe were committed and any penalty to be imposed. Where applicable, the decision shall also include a statement that the respondent has accepted the penalties imposed without either admitting or denying the rule violations.

The member, member firm or other person who submits a written settlement offer to the Appellate Committee may withdraw it at any time before final acceptance by the Committee. If a settlement offer is withdrawn or rejected by the Committee, the person submitting such offer neither shall be deemed to have made any admission nor shall in any manner be prejudiced by having submitted the settlement offer.

Each settlement offer presented to the Board or to the Appellate Committee shall be deemed to incorporate the following terms:

- (1) Respondent acknowledges that the Office of Investigations and Audits will have the opportunity to present its views on the proposed settlement to the President, the Board, or the Appellate Committee, as applicable; and
- (2) Respondent waives any objection to having the Board or the Appellate Committee, as applicable, hear the case even if the Board or the Appellate Committee has previously considered and rejected a settlement offer.  
(08/01/97)

540.09 Offers of Settlement - Any member, member firm, their wholly-owned affiliates or other person who is the subject of preliminary charges issued by the Business Conduct Committee, Financial Compliance Committee or Floor Governors Committee ("respondent"), may submit a written offer of settlement in connection with such proceedings to the Business Conduct Committee, Financial Compliance Committee, Floor Governors Committee or the Hearing Committee. The Business Conduct Committee, Financial Compliance Committee, Floor Governors Committee and Hearing Committee are authorized to consider such settlement offers, negotiate alternative provisions therein, and either accept or reject any settlement offer. When preliminary charges are pending before the Hearing Committee, before a hearing begins, the Committee that issued the charges has the sole authority to consider settlement offers. Once the Hearing Committee has begun hearing evidence, the Hearing Committee has exclusive settlement authority. The Business Conduct Committee, Financial Compliance Committee, Floor Governors Committee and Hearing Committee may, in their discretion, permit a respondent to accept a penalty without either admitting or denying any rule violations upon which the penalty is based. If an offer

of settlement is accepted by any such Committee, it shall issue a written decision specifying the rule violations it has reason to believe were committed and any penalty to be imposed. Where applicable, the decision also shall include a statement that the respondent has accepted the penalties imposed without either admitting or denying the rule violations.

Each settlement offer presented to any such Committee shall be deemed to incorporate the following terms:

- (1) Respondent acknowledges that the Office of Investigations and Audits will have the opportunity to present its views on the proposed settlement to the Committee; and
- (2) Respondent waives any objection to having the appropriate Committee hear the case even if that Committee has previously considered and rejected a settlement offer.

The member, member firm, wholly-owned affiliate or other person who submits a written settlement offer to any such Committee may withdraw it at any time before final acceptance by the Committee. If a settlement offer is withdrawn or rejected by any such Committee, the person submitting such offer neither shall be deemed to have made any admission nor shall in any manner be prejudiced by having submitted the settlement offer. (08/01/97)

540.10 Disciplinary Jurisdiction Over Agricultural Regular Firms - In addition to the disciplinary authority of the Hearing Committee, Appellate Committee, Business Conduct Committee and Financial Compliance Committee over agricultural regular firms, as set forth in paragraphs (f) and (g) of Rule 542.00 and paragraphs (f) and (g) of Rule 551.00, each of these Committees may discipline an agricultural regular firm for violation of any Rules and Regulations by imposing a fine on such firm, and/or by revoking the firm's regularity status. Subject to and in accordance with Regulation 540.08, an agricultural regular firm that is the subject of charges filed before the Board or that has filed an appeal of a decision with the Appellate Committee or the Board, may submit a written offer of settlement in connection with such proceeding to the Appellate Committee or, in matters before the Board, to the President of the Association. (08/01/94)

540.11 Appellate Committee -

- (a) Membership. Each year the Chairman of the Board, with the approval of the Board, shall appoint from those members of the Association who currently serve or who shall have previously served as an elective officer of the Association and who shall not be a member of a standing disciplinary committee, to serve as a member of the Appellate Committee. The Committee shall consist of five (5) members, at least one of whom is currently an elective officer of the Association. A vacancy in the Committee shall be filled by appointment by the Chairman of the Board, with the approval of the Board.
- (b) Meetings and Quorum. The Appellate Committee shall determine the time and place for its meetings and the manner and form in which its meetings shall be conducted. The attendance of three (3) Appellate Committee members shall constitute a quorum of the Committee. The majority vote of the quorum of the Appellate Committee shall be the official act or decision of the Committee.
- (c) Duties of the Committee. It shall be the function of the Committee to serve as the appellate body in review of disciplinary decisions of committees of the Association or, upon referral by such committee to hear the matter, in accordance with Regulation 540.05. After hearing all the witnesses and the respondent, if he/she decides to be heard, the Committee shall determine whether the respondent is guilty of the offense or offenses charged. If the Committee determines that the accused is guilty, the Committee may impose penalties in accordance with Rule 560.00.
- (d) Appeal. The findings of the Appellate Committee shall be final and conclusive when rendered, although subject to review by the Board of Directors in accordance with Regulation 540.05(b) upon the request of the Board or upon referral by the Committee. A request that the Board review a decision must be made:

- if on the motion of the Board, upon review of the notice of the decision in the materials for the first regularly scheduled Board meeting not less than twenty (20) days after the date of the



decision;

- if by the Appellate Committee, within fifteen (15) days of the date of the decision; and
- if by a person against whom the decision has been rendered within ten (10) days of the date he receives the decision.

- (e) Offense Against The Association. Any member of the Association, member firm, or other person with trading privileges who fails to comply with the disciplinary action of the Committee after such action becomes effective shall be charged with an offense against the Association, and if found guilty, shall either be fined, suspended or expelled by the Board.
- (f) Oath. Every member of the Appellate Committee shall take an oath not to divulge, or allow or cause to be divulged, any information acquired by such member in his capacity as an Appellate Committee member if such information is confidential, commercially sensitive, or non-public, except when required in connection with disciplinary proceedings or other formal proceedings or actions of a duly authorized committee of the Association or of the Board, or in response to demand by an authority to obtain the information requested, or on behalf of the Association in any proceeding authorized by the Board of Directors.
- (g) Holdover Member. Whenever the Committee members have begun to hear or review evidence and argument in any proceeding and the term of the members expires, the members may continue in office until the proceeding has ended. A holdover member shall not participate in any other Committee business, nor shall continuation in office impair the appointment of a successor Committee or the successor Committee's right to participate in all other Committee business.
- (h) Associate Members as Appellate Committee Members. Associate Members of the Exchange are eligible for appointment to the Appellate Committee as full voting members, provided that such Associate Member qualifies pursuant to paragraph (a) of this Regulation, and further provided that Associate Members shall not be eligible to serve as Chairman of the Committee. The Committee shall at no time have more than two Associate Members on the Committee. (08/01/94)

540.12 Hearing Committee -

- (a) Membership. The Hearing Committee shall consist of twenty-one (21) individual members of the Association appointed each year by the Chairman of the Board with the approval of the Board. For all purposes under these Rules, the Hearing Committee shall be considered a disciplinary committee. Hearing Committee members shall have previously served on the Board, the Business Conduct Committee, the Floor Governors Committee, the Financial Compliance Committee or the Arbitration Committee, but no person shall be a member of the Committee who, at the same time, is a member of the Board or any other standing disciplinary committee. A panel of seven members shall be selected from the Committee for each hearing, in a manner established by the Committee, consistent with the requirements of Regulation 540.14. Each panel shall, by a majority vote, elect a Chairman.
- (b) Hearing Executive Committee. The Chairman of the Board, with the approval of the Board, shall appoint a Chairman of the entire Committee, along with two other members from among the members of the Committee, to serve as a Hearing Executive Committee.
- (c) Meetings and Quorum. The Hearing Committee shall determine the time and place of its meetings and the manner and form in which its meetings shall be conducted. The attendance of four Hearing Committee members shall constitute a quorum of the Committee. The majority vote of the quorum of the Hearing Committee shall be the official act or decision of the Committee.
- (d) Duties of the Committee. The Hearing Committee shall conduct disciplinary hearings pursuant to the Rules and Regulations of the Association. Following notice and answer in accordance with Regulation 540.02, the Hearing Committee shall conduct hearings in connection with proceedings initiated under Rule 542.00(f), Rule 551.00(f) and Rule 543.00(d). Procedures for the hearing shall be in accordance with Regulation 540.03. After hearing all the witnesses and the respondent, if he/she decides to be heard, the Committee shall determine whether the respondent is guilty of the offense or offenses

charged. If the Hearing Committee determines that the accused is guilty, the Committee may impose penalties in accordance with the rule pursuant to which the proceedings were initiated. In the event there is a finding of multiple violations of any Rules or Regulations, it shall be within the Committee's discretion to apply its suspension powers either in a consecutive or concurrent manner.

- (e) Appeal. A member, member firm, person with trading privileges or agricultural regular firm may appeal from the decision of the Committee by filing with the Secretary of the Association within ten (10) business days after the Committee's decision is sent to the respondent a Notice of Appeal to the Appellate Committee requesting a review by the Appellate Committee of all or part of the Committee's decision.
- (f) Offense Against the Association. Any member, member firm, other person with trading privileges or agricultural regular firm who fails to comply with the disciplinary action of the Committee after such action becomes effective shall be charged with an offense against the Association, and if found guilty, shall either be fined, suspended or expelled by the Board.
- (g) Oath. Every Hearing Committee member shall take an oath not to divulge, or allow or cause to be divulged, any information acquired by such member in his official capacity as a Hearing Committee member if such information is confidential, commercially sensitive, or nonpublic, except when required in connection with disciplinary proceedings or other formal proceedings or actions of a duly authorized committee of the Association or of the Board, or in response to a request or demand by an administrative or legislative body of government having jurisdiction of the subject matter and authority to obtain the information requested, or on behalf of the Association in any proceeding authorized by the Board of Directors.
- (h) Hold-over Member. Whenever the Committee members have begun to hear or review evidence and argument in any proceeding, and the term of one or more of the members expires, such member or members may continue in office until the proceeding has ended. A holdover member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of a successor or the successor's right to participate in all other Committee business. (12/01/94)

540.13 Application of Rules and Regulations - The provisions of this Chapter shall apply to all members, registered partnerships and corporations, their wholly-owned affiliates, other persons with trading privileges, agricultural regular firms, guaranteed introducing brokers, and any employee or Associated Person of any such individual or firm, unless specifically exempted. (07/01/97)

540.15 Failure to Pay a Disciplinary Fine - When the Treasurer of the Association certifies to a Committee that imposed a fine that such fine is due and has not been paid, the person who was ordered to pay the fine shall be suspended from all membership privileges (including but not limited to floor and electronic access, member transaction fees and the right to lease a membership or membership interest), subject to Regulation 540.06, until the Treasurer certifies to the Committee that the fine has been paid. (06/01/94)

541.00 Special Investigations By Board - If at any time the Board shall have reason to suspect that any member, member firm, or other person with trading privileges, has been guilty of any offense against the Association and no investigation has been initiated into the matter, the Board shall direct the Office of Investigations and Audits to conduct an investigation and shall direct the appropriate disciplinary committee, or if necessary appoint a Special Committee outside of its own number, to review the investigation as to whether there is just ground for such suspicion. If the Committee decides that there is just ground for such suspicion, it shall direct that charges be filed with the Board as provided in Rule 540.00. (08/01/94)

542.00 Business Conduct Committee -

- (a) Membership. The Chairman of the Board, with the approval of the Board, shall appoint the members of the Business Conduct Committee. Only members of the Association who are not Directors or Officers of the Association shall be eligible for appointment as members of the Committee. All Committee Members shall be Full Members except that one Committee Member may be an Associate Member. Four members shall be appointed for staggered three-year terms. Additional members may be appointed for one-year terms, but no more than four such members may be appointed. Terms currently in effect at the time of adoption of this amended Rule shall continue to be in effect until they expire. At the time this amended Rule becomes effective, a member shall be appointed to serve a term expiring February 1, 1984. Each year the Chairman of the Board shall appoint one member of the Committee for a three-year term and may appoint no more than four members for one-year terms, except that for February 1, 1984, and every third year thereafter, the Chairman of the Board shall appoint two members of the Committee for three-year terms and may appoint no more than four members for one-year terms. A vacancy in the Committee shall be filled for the unexpired term in the same manner as provided above, except that unexpired one-year terms may be left vacant at the discretion of the Chairman of the Board. The President shall be an ex officio member of the Committee.
- (b) Chairman and Vice-Chairman of the Committee. The Chairman of the Board, with the approval of the Board, shall appoint a Chairman and a Vice-Chairman of the Committee from among the members of the Committee. The Chairman and Vice Chairman shall be appointed to serve as Chairman and Vice Chairman for a one-year term.
- (c) Oath of Members. Every member of the Committee shall take an oath not to divulge, or allow or cause to be divulged, any information acquired by such member in his official capacity if such information is confidential, commercially sensitive or non-public, including any information regarding the market position, financial condition, or identity of any trader or firm, except when required in connection with his official duties, or in connection with disciplinary proceedings or other formal

proceedings or actions of a duly authorized committee of the Association, or of the Board, or in response to a duly authorized subpoena, or in response to a request or demand by an administrative or legislative body of government having jurisdiction of the subject matter and authority to obtain the information requested, or on behalf of the Association in any proceeding authorized by the Board.

- (d) Quorum. The attendance of three members at a meeting shall constitute a quorum. The actions of a majority of the members present shall be the actions of the Committee.
- (e) Business Conduct Committee on Particular Matter. If the Business Conduct Committee shall determine that it is improper for any or all of its regular members to serve during the consideration and decision of any particular matter, or if any or all the regular members shall be unable to serve during the consideration and decision of any particular matter, the Business Conduct Committee may request the Chairman of the Board to appoint an alternate or alternates to sit throughout the investigation, hearing, and decision of such matter. The Chairman of the Board shall have the power to appoint any member or members as such alternate or alternates. When so appointed such alternate or alternates shall, with respect to such particular matter, have all the powers and duties of the regular member or members for whom he is or they are acting, and the "Committee on Particular Matter," consisting of such alternate or alternates, and the remaining regular members of the Business Conduct Committee, if any, shall with respect to such particular matter have all the duties and powers of the regular Business Conduct Committee. During such period as a Committee or Committees on a Particular Matter or Matters are functioning, the regular Business Conduct Committee and the regular members thereof shall continue to have all the powers and to perform all the duties concerning matters not under consideration by a Committee or Committees on Particular Matters.
- (f) Duties of Committee. The Committee shall determine the manner and form in which its proceedings shall be conducted. The Committee shall provide for the prevention of manipulation of prices and the cornering of any commodity on the Exchange, and shall also have general supervision of the business conduct of members, member firms, any other persons with trading privileges, wholly-owned affiliates, guaranteed introducing brokers, and any employees or associated persons of any such individual or firm, particularly insofar as such conduct affects (1) non-member customers; (2) the public at large; (3) the State Government; (4) the Federal Government; (5) public opinion; and (6) the good name of the Association. The Committee shall also have general supervision, other than financial supervision, over all agricultural regular firms and their employees, member and non-member alike, with respect to each such firm's compliance with the Association's Rules and Regulations pertaining to its regularity. The Committee in performing its duties may investigate the dealings, transactions and financial condition of members, member firms, any other persons with trading privileges, wholly-owned affiliates, agricultural regular firms, guaranteed introducing brokers, and any employees or associated persons of any such individual or firm, and may examine their books and papers upon request. The Committee may employ such auditors and other assistants as it may deem necessary, and all expenses incident thereto shall be payable from the funds of the Association.

The Committee shall have the authority to charge a member, member firm, person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or any employee or associated person of any such individual or firm alleged to have violated any Rule or Regulation within its jurisdiction and may impose any one or more of the following preliminary penalties: a reprimand, a cease and desist order, a fine not to exceed \$25,000 for each such violation, and/or restitution. The Committee may also impose upon any such individual member, person with trading privileges, or employee of a member or member firm a preliminary denial of the privileges of the Floor of the Exchange or suspension from membership status for a period not in excess of ninety (90) business days for each such violation. Except in the case of specified penalties, which shall be heard by the Committee in accordance with Regulations 540.02 and 540.03, proceedings shall be conducted by the Hearing Committee in accordance with Regulations 540.02 and 540.03. The specified penalties which shall be heard by the Committee shall be defined as a reprimand, fines not exceeding \$5,000.00 for any one violation, and a denial of the privileges of the Floor for a period not exceeding five (5) business days for any one violation. In the event there is a finding of multiple violations of any Rules or Regulations it shall be within the relevant Committee's discretion to apply its

denial or suspension powers either in a consecutive or concurrent manner.

A party under a cease and desist order may apply to the Committee to review and terminate such order, provided that such order has been in effect for at least five years prior to application.

The decision of the Business Conduct Committee or the Hearing Committee may be appealed to the Appellate Committee in accordance with Regulation 540.05 by filing with the Secretary of the Association, within ten (10) business days after the decision is sent to the respondent, a Notice of Appeal to the Appellate Committee requesting a review by the Appellate Committee of all or part of the decision.

Any member, member firm, other person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or employee or associated person of any such individual or firm who fails to appear before the Committee pursuant to its request, or to submit his or its books and records to the Committee at its request, shall be guilty of an offense against the Association.

The Committee may review at any time the operations or procedures of members, member firms, any other persons with trading privileges, wholly-owned affiliates, agricultural regular firms, guaranteed introducing brokers, and any employees or associated persons of any such individuals or firms to assure compliance with the Rules and Regulations of the Association. Whenever such review discloses a condition or practice which, in the Committee's judgment, falls within the provisions of Regulation 270.01 or Regulation 540.06, it shall so advise the Chairman of the Board and recommend such action as it deems appropriate in the circumstances.

- (g) Offense Against the Association. It shall be an act detrimental to the interest and welfare of the Association for any member of the Association, member firm, other person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or employee or associated person of any such individual or firm to fail to comply with the disciplinary action of the Committee after such action becomes effective.
- (h) Hold-Over Members. Whenever the Committee members have begun to hear or review evidence and argument in any proceeding, and the term of one or more of the members expires, such member or members may continue in office until the proceeding has ended. A holdover member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of his successor or his successor's right to participate in all other Committee business. (08/01/98)

543.00 Floor Governors Committee-

- (a) Membership. The Chairman of the Board, with the approval of the Board, shall appoint from the Membership of the Association the members of a Floor Governors Committee who shall not be Directors or Officers of the Association. The Committee shall consist of seven members. Each year the Chairman of the Board, with the approval of the Board, shall appoint one member of the Committee for a term of three years dating from February 1 of such year. Each year, the Chairman of the Board, with the approval of the Board shall also appoint from the Membership two members of the Committee to serve for a one year term dating from February 1 of such year. In addition, each year, beginning with 1985, the Chairman of the Board, with the approval of the Board, shall also appoint from the Membership a member of the Committee for a two year term dating from February 1 of such year. A vacancy in the Committee shall be filled for the unexpired term by appointment by the Chairman of the Board, with the approval of the Board.
- (b) Chairman and Vice Chairman of the Committee. The Chairman of the Board, with the approval of the Board, shall appoint a Chairman and a Vice Chairman of the Committee from among the members of the Committee. The Chairman and Vice Chairman shall be appointed to serve as Chairman and Vice Chairman for a one-year term.
- (c) Meetings and Quorum. The Floor Governors Committee shall determine the time and place of its meetings and the manner and form in which its meetings shall be conducted. The attendance of four Floor Governors shall constitute a quorum of the Committee. The majority vote of the quorum of the Floor Governors Committee shall be the official act or decision of the Committee.
- (d) Duties of the Committee. It shall be the function and duty of the Floor Governors Committee to assure

that the practices and conduct of the members of the Association, member firms, other persons with trading privileges, and employees of any such individual or firm on the Floor of the Exchange are in compliance with the Rules and Regulations. Whenever any violation of the Rules or Regulations is suspected by the Committee, and the Committee determines, after investigation by the Office of Investigations and Audits, that action should be taken, the Committee shall provide notice and opportunity for a hearing in compliance with Regulations 540.02 and 540.03. The Committee shall have the authority to charge a member, member firm, person with trading privileges, or any employee of any such individual or firm alleged to have violated any Rule or Regulation within its jurisdiction and may impose any one or more of the following preliminary penalties: a reprimand, a cease and desist order, a fine not to exceed \$25,000 for each such violation, and/or restitution. The Committee may also impose upon any such individual member, person with trading privileges, or employee of a member or member firm a preliminary denial of the privileges of the Floor of the Exchange or suspension from membership status for a period not in excess of ninety (90) business days for each such violation. Except in the case of specified penalties, which shall be heard by the Committee in accordance with Regulations 540.02 and 540.03, proceedings shall be conducted by the Hearing Committee in accordance with Regulations 540.02 and 540.03. The specified penalties which shall be heard by the Committee shall be defined as a reprimand, fines not exceeding \$5,000 for any one violation, and a denial of the privileges of the Floor for a period not exceeding five (5) business days for any one violation. In the event there is a finding of multiple violations of any Rules or Regulations, it shall be within the relevant Committee's discretion to apply its denial or suspension powers either in a consecutive or concurrent manner.

Also fines not to exceed \$5,000 for any act may be imposed as specifically authorized in Regulation 519.03.

A party under a cease and desist order may apply to the Committee to review and terminate such order, provided that such order has been in effect for at least five years prior to application.

- (e) Appeal. A member, member firm, other person with trading privileges, or any employee of any such individual or firm, may appeal from the decision of the Floor Governors Committee or the Hearing Committee in accordance with Regulation 540.05 by filing with the Secretary of the Association within ten (10) business days after the decision is sent to the respondent a Notice of Appeal to the Appellate Committee requesting a review by the Appellate Committee of all or part of the decision.
- (f) Offense Against The Association. It shall be an act detrimental to the interest and welfare of the Association for any member of the Association, member firm, other person with trading privileges, or employee of any such individual or firm to fail to comply with the disciplinary action of the Committee after such action becomes effective.
- (g) Oath. Every Floor Governor shall take an oath not to divulge, or allow or cause to be divulged, any information acquired by such member in his official capacity as a Floor Governor if such information is confidential, commercially sensitive, or non-public, except when required in connection with his official duties, or in connection with disciplinary proceedings or other formal proceedings or actions of a duly authorized committee of the Association or of the Board, or in response to a duly authorized subpoena, or in response to a request or demand by an administrative or legislative body of government having jurisdiction of the subject matter and authority to obtain the information requested, or on behalf of the Association in any proceeding authorized by the Board of Directors.
- (h) Hold-over Member. Whenever the Committee members have begun to hear or review evidence and argument in any proceeding, and the term of one or more of the members expires, such member or members may continue in office until the proceeding has ended. A holdover member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of his successor or his successor's right to participate in all other Committee business.
- (i) Associate Members as Floor Governors. Associate Members of the Exchange are eligible for appointment to the Floor Governors Committee as full voting members, provided that Associate Members shall not be eligible to serve as Chairman of the Committee. The Committee shall at all times have at least two Associate Members on the Committee. (08/01/98)

543.01 Investigations - The President or the Executive Vice-President shall have the authority to

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order investigations into any complaints made to the Association or into any situation no matter how brought to their attention involving possible violations of the Rules and Regulations of the Association. 1792 (08/01/94)

544.00 Waiver of Hearing - The statement of charges may provide that if the respondent fails, except for good cause, to request a hearing within a specified period of time, which in no event shall be less than five business days after the service of the charges, he shall be deemed to have accepted a penalty stated in the charges. (08/01/94)

545.00 Testimony And Production Of Books And Records - If a member of the Association, member firm, or other person with trading privileges, is required to submit his books and records, or the books and records of his firm, or corporation, or any portion thereof, to the Board, or to any authorized Standing or Special Committee, or to the individual responsible for the supervision of the Office of Investigations and Audits as provided for in Regulation 170.01, or, subject to the provisions of Rule 548.00, to furnish any information to or to appear and testify before, or to cause any of his partners or employees to appear and testify before such Board, or such authorized Committee, or at the request of such individual responsible for the supervision of the Office of Investigations and Audits, it shall be an offense against the Association to fail or refuse to comply with such requirements. 153 (08/01/94)

545.01 Furnishing Information - Pursuant to Rule 545.00 and Regulations 545.02 and 545.03, each clearing member shall furnish to the Board or to any committee or department specified by the Board, such information respecting daily trading, deliveries, exchanges of futures for cash commodities or other activity as the Board deems necessary for compliance by the Association with the provisions of Regulations Sections 16.00 through 16.03 under the Commodity Exchange Act or as required to be made or maintained under the Rules and Regulations. Such data shall be furnished at such times and in such manner and form as the Board or the committee or department acting for the Board may prescribe.

The Business Conduct Committee, the Financial Compliance Committee, or the Floor Governors Committee may, without hearing, impose minor penalties against members or member firms for failure by such members or member firms, or for failure by any persons for whom such members or member firms are responsible, to submit requested routine trade documentation within the respective Committees' jurisdiction in the manner prescribed by the Committee. Minor penalties for the purpose of this Regulation shall be defined as fines not exceeding \$1,000 for any one offense.

If the documents requested are one year old or less, they must be produced and submitted to the Office of Investigations and Audits within five (5) business days. If the documents requested are more than one year old and less than five years old, they must be produced and submitted to the Office of Investigations and Audits within ten (10) business days. The Business Conduct Committee, the Financial Compliance Committee, or the Floor Governors Committee may impose a fine of up to \$1,000 for each business day thereafter on which the member, member firm or any person for whom such member or member firm is responsible, has not produced and submitted the requested documents to the Office of Investigations and Audits.

A respondent may request an appeal of a minor penalty by filing a written request for a hearing with the Office of Investigations and Audits within ten (10) business days after the penalty is imposed; the Business Conduct Committee, the Financial Compliance Committee, or the Floor Governors Committee shall hear the matter in accordance with Regulations 540.02 through 540.05. The decision of the Business Conduct Committee, the Financial Compliance Committee, or the Floor Governors Committee may be appealed to the Appellate Committee as provided in Rule 542.00(f) or 543.00(e). Failure to request a hearing shall be deemed a consent to the fine. Unless a hearing is requested, failure to pay a fine within thirty (30) days after the penalty is imposed shall automatically triple the amount of the fine. 1973 (08/01/94)

545.02 Record Keeping - Pursuant to Rule 545.00 and Regulation 545.03, each member and member firm shall keep in an accurate and complete manner all books and records required to be made or maintained under the Rules and Regulations. All books and records required to be kept shall be kept for a period of five (5) years from the date thereof and shall be readily accessible for a period of two (2)

years from the date thereof. All reports required to be submitted to the Association or its delegate shall be reported accurately and completely. (08/01/94)

545.03 Record Keeping Qualifications - Each member, member firm and other person with membership privileges shall be required, pursuant to the rules and regulations, to keep, maintain and furnish only those books and records that relate directly to the trading of futures and options contracts, satisfaction of the minimum financial requirements for futures commission merchants and qualifications for membership. (08/01/94)

545.04 Equity Runs Transmission Requirement - Each member shall be required to have the ability to electronically transmit the complete bookkeeping reports to its Chicago office or to the Board of Trade Clearing Corporation by 8:00 a.m. central time on the day following the report date. The reports must, at a minimum, include the margin equity run, master file of customer account names and addresses, open position listing, day trade listing, cash adjustment sheets, margin call and debit/deficit report. (08/01/94)

545.05 Maintenance of Telephone Recordings - Members and member firms which record conversations conducted on their Exchange Floor telephone lines shall maintain the resultant recordings for a period of 10 business days following the day when such recordings are made. In addition, all recordings of Exchange Floor headset communications shall be maintained for a period of 10 business days following the day when such recordings are made. (07/01/98)

546.00 Testimony Before Other Exchanges - If the Board shall deem it is to the interest and welfare of the Association, or to the public interest, or in the interest of just and equitable principles of trade, to facilitate the examination by the authorities of another exchange of any transaction in which a member of the Association has been concerned and that the testimony of such member, his partners, or employees, or his books and papers, or the books and papers of his firm, or corporation, or any partner therein are material to such examination, and shall direct such member to appear and testify, or to cause any of his partners or employees to appear and testify, or to produce such books and papers before the authorities of said other exchange, or any committee thereof, for the purposes of such examination, and the member of the Association shall refuse or fail to comply with such direction, he may be adjudged guilty of an act detrimental to the interest or welfare of the Association. 154 (08/01/94)

548.00 Incriminating Evidence - Upon any investigation or trial before the Board, or before any committee, or before any other tribunal of the Association, no member or agricultural regular firm shall be required to answer, or be subject to any penalty for failing to answer any question, when such member or agricultural regular firm shall make oath that the answer, if given, would convict or tend to convict such member or agricultural regular firm of the violation of any law of the United States or any state. 161 (08/01/94)

549.00 Depositions of Witnesses - Upon any investigation authorized under the Rules and Regulations of the Association, the oral depositions of witnesses may be taken. The party under investigation shall be given at least five (5) days written notice of the time of the deposition and place where the witness will be deposed, which may be at any location within the United States. The party under investigation shall have the right to be present in person or by representative at the oral deposition, with right of cross-examination. All oral depositions of witnesses shall be taken under oath, before an officer qualified in the place of the deposition to administer oaths, and the complete testimony of the witnesses shall be transcribed by such officer or by a person under his supervision. Oral depositions taken in accordance with this provision shall be admissible in evidence at any hearing of the board or a Committee, reserving to the party under investigation the right to object at the hearing to the relevancy or materiality of the testimony contained therein. 162 (08/01/94)

550.00 Rehearing - A suspended or expelled member or member firm, and any member or member firm that has been fined, may petition the Appellate Committee for a rehearing. Upon presentation of the petition, the Appellate Committee, by a majority vote, may order a rehearing to determine whether the disciplinary action was the result of false testimony or was otherwise unjust or improper.

The rehearing will be conducted in accordance with Regulations 540.02 and 540.03.



If, after a rehearing the Appellate Committee unanimously finds that such member or member firm was mistakenly expelled, suspended, or fined, or that the penalty imposed was excessive, the prior disciplinary action against such member or member firm may be set aside or the penalty mitigated. No prior disciplinary action or penalty shall be set aside or mitigated if any member of the Appellate Committee votes against such action.

The petition of a member or member firm who has been suspended, expelled, or fined, for a rehearing shall be posted upon the bulletin board of the Exchange for at least one week prior to its presentation to the Appellate Committee.

A member or member firm whose prior expulsion, suspension, and/or fine is set aside or mitigated in accordance with this Rule shall have no claim in law or equity against the Association or any Director, committee member, officer or employee thereof by virtue of such prior action thus set aside or mitigated.

A rehearing is not a right. An action of the Appellate Committee is final when rendered as provided in Regulation 540.07, but may be reviewed by the Board pursuant to Regulation 540.05. Every suspension, expulsion, or fine will be considered final until set aside or reduced under this Rule. 157 (08/01/94)

551.00 Financial Compliance Committee-

- (a) Membership. The Chairman of the Board, with the approval of the Board, shall appoint the members of the Financial Compliance Committee. The Committee shall consist of five Full Members at least three of whom shall be an officer or partner of a member firm and who shall not be Directors or Officers of the Association. Initially, two members of the Committee shall serve for a term of two years. At the time this Rule becomes effective, three members shall be appointed to serve a term expiring February 1, 1992. Each year thereafter, beginning in 1992, the Chairman of the Board, with the approval of the Board, shall appoint two members of the Committee to serve a term of two years and one member to serve a term of one year. A vacancy in the Committee shall be filled for the unexpired term in the same manner as provided above, except that unexpired one-year terms may be left vacant at the discretion of the Chairman of the Board. The President and Chief Executive Officer of the Board of Trade Clearing Corporation shall be a non-voting advisor to the Committee.
- (b) Chairman and Vice-Chairman of the Committee. The Chairman of the Board, with the approval of the Board, shall appoint a Chairman and a Vice-Chairman of the Committee from among the members of the Committee. The Chairman and Vice-Chairman shall be appointed to serve as Chairman and Vice-Chairman for a one-year term.
- (c) Oath of Members. Every member of the Committee shall take an oath not to divulge, or allow or cause to be divulged, any information acquired by such member in his official capacity if such information is confidential, commercially sensitive or non-public, including any information regarding the market position, financial condition, or identity of any trader or firm, except when required in connection with his official duties, or in connection with disciplinary proceedings or other formal proceedings or actions of a duly authorized committee of the Association, or of the Board, or in response to a duly authorized subpoena, or in response to a request or demand by an administrative or legislative body of government having jurisdiction of the subject matter and authority to obtain the information requested, or on behalf of the Association in any proceeding authorized by the Board.
- (d) Quorum. The attendance of three (3) members at a meeting shall constitute a quorum. The actions of a majority of the members present shall be the actions of the Committee.
- (e) Financial Compliance Committee on Particular Matter. If the Financial Compliance Committee shall determine that it is improper for any or all of its regular members to serve during the consideration and decision of any particular matter, or if any or all the regular members shall be unable to serve during the consideration and decision of any particular matter, the Financial Compliance Committee may request the Chairman of the Board to appoint an alternate or alternates to sit throughout the investigation, hearing, and decision of such matter. The Chairman of the Board shall have the power to appoint, consistent with paragraph (a) above, any member or members as such alternate or alternates.

When so appointed, such alternate or alternates shall, with respect to such particular matter, have all the powers and duties of the regular member or members for whom he is or they are acting, and the "Committee on Particular Matter," consisting of such alternate or alternates, and the remaining regular members of the Financial Compliance Committee, if any, shall with respect to such particular matter have all the duties and powers of the regular Financial Compliance Committee. During such period as a Committee or Committees on a Particular Matter or Matters are functioning, the regular Financial Compliance Committee and the regular members thereof shall continue to have all the powers and to perform all the duties concerning matters not under consideration by a Committee or Committees on Particular Matters.

- (f) Duties and Authority of the Committee. The duty of the Committee is to monitor and ensure the capital and financial integrity of members and member firms. The Committee may determine, in its sole discretion, that there is reason to believe that the financial status of a member or member firm represents a condition inconsistent with sound business practices and financial integrity, and may exercise the following authority, without limitation, over the financial organization of members and member firms.

The Committee shall determine the manner and form in which its proceedings shall be conducted. The Committee shall have authority, without limitation, over the financial organization of member firms and the financial interrelationships between member firms and their wholly-owned affiliated entities, including parents and subsidiaries. The Committee shall also have the authority, without limitation, to supervise the nature of capital formation and the capital compliance of members, member firms, wholly-owned affiliates, any other persons with trading privileges, guaranteed introducing brokers, and any employees or associated persons of any such individual or firm, particularly insofar as such conduct may have an adverse impact on the member's, member firm's or wholly-owned affiliate's capital or financial stability. The Committee shall also have the authority, without limitation, to supervise the financial organization, nature of capital formation and the capital compliance of all agricultural regular firms and their employees, member and non-member alike.

The Committee in performing its duties may investigate the dealings, transactions and financial interrelationships and condition of members, member firms, wholly-owned affiliates, agricultural regular firms, any other persons with trading privileges, guaranteed introducing brokers, and any employees or associated persons of any such individual or firm, may examine their books and papers upon request, and, with respect to member firms, may prescribe such capital requirements as it deems appropriate, including, without limitation, requiring the immediate or expeditious infusion of additional capital (subject to the procedures contained herein). Upon approval by the Chairman of the Board, the Committee may employ such experts, auditors, counsel and other assistants as it may deem necessary on a case-by-case basis, and all expenses incident thereto shall be payable from the funds of the Association.

- (1) Where immediate action is necessary, the Committee shall have the authority prior to a hearing, only upon written approval by the Chairman of the Board, to take summary action consistent with this rule subject to a subsequent hearing to be held within five (5) days from the date of the summary action in accordance with Regulation 540.06. This hearing, conducted before the Committee or Board, shall follow the requirements of Regulation 540.03(c)-(j).

The member, member firm, person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or employee or associated person of any such individual or firm will be immediately notified in writing of the Committee's or Board's decision, in the form of an order signed by the Chairman of the Committee and the Chairman of the Board of Directors. Upon written notification of the decision, the respondent may request a hearing to be held within five (5) days. After this hearing, the respondent may appeal the decision to the Board of Directors. The Board of Directors may modify the conditions of the original order.

Alternatively, any such summary order may be appealed directly to the Board of Directors within one business day. The member, member firm, person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or employee or associated

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person of any such individual or firm subject to such order must give written notice of appeal to the Secretary immediately upon receipt of the Committee's order; the Board shall hear the appeal within one business day following receipt of said appeal notice or such later date as the Board may establish pursuant to the written waiver of the one business day hearing requirement by the member, member firm, person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or employee or associated person of any such individual or firm.

- (2) The Committee shall have the authority to charge a member, member firm, wholly-owned affiliate, agricultural regular firm, person with trading privileges, guaranteed introducing broker, or any employee or associated person of any such individual or firm alleged to have violated any Rule or Regulation or written policy within its jurisdiction and may impose any one or more of the following preliminary penalties: a reprimand, a cease and desist order, a fine not to exceed \$25,000 for each such violation, and/or restitution. The Committee may also impose upon any such individual member, person with trading privileges, or employee of a member or member firm a preliminary denial of the privileges of the Floor of the Exchange or suspension from membership status for a period not in excess of ninety (90) business days for each such violation. Except in the case of specified penalties, which shall be heard by the Committee in accordance with Regulations 540.02 and 540.03, proceedings shall be conducted by the Hearing Committee in accordance with Regulations 540.02 and 540.03. The specified penalties which shall be heard by the Committee shall be defined as a reprimand, fines not exceeding \$5,000.00 for any one violation, and a denial of the privileges of the Floor for a period not exceeding five (5) business days for any one violation. In the event there is a finding of multiple violations of any Rules or Regulations it shall be within the relevant Committee's discretion to apply its denial or suspension powers either in a consecutive or concurrent manner.

A party under cease and desist order may apply to the Committee to review and terminate such order, provided that such order has been in effect for at least five years prior to application.

The decision of the Financial Compliance Committee or the Hearing Committee may be appealed to the Appellate Committee in accordance with Regulation 540.05 by filing with the Secretary of the Association, within ten (10) business days after the decision is sent to the respondent, a Notice of Appeal to the Appellate Committee requesting a review by the Appellate Committee of all or part of the decision.

- (3) Any member, member firm, wholly-owned affiliate, agricultural regular firm, other person with trading privileges, guaranteed introducing broker, or employee or associated person of any such individual or firm who fails to appear before the Committee pursuant to its request, or to submit his or its books and records to the Committee at its request, shall be guilty of an offense against the Association.

The Committee may review at any time the operations or procedures of members, member firms, wholly-owned affiliates, agricultural regular firms, any other persons with trading privileges, guaranteed introducing brokers, and any employees or associated persons of any such individuals or firms to assure compliance with the Rules and Regulations of the Association. Whenever such review discloses a condition or practice which, in the Committee's judgment, falls within the provisions of Regulation 270.01 or Regulation 540.06, it shall so advise the Chairman of the Board and recommend such action as it deems appropriate in the circumstances.

- (g) Offense Against the Association. It shall be an act detrimental to the interest and welfare of the Association for any member of the Association, member firm, wholly-owned affiliate, agricultural regular firm, other person with trading privileges, guaranteed introducing broker, or employee or associated person of any such individual or firm to fail to comply with the disciplinary action of the Committee after such action becomes effective.
- (h) Hold-Over Members. Whenever the Committee members have begun to hear or review evidence and argument in any proceeding, and the term of one or more of the members expires, such member or

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members may continue in office until the proceeding has ended. A hold-over member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of his successor or his successor's right to participate in all other Committee business. (08/01/98)

560.00 Expulsion and Suspension from Membership - Unless otherwise specifically provided, the penalty of suspension from membership may be inflicted, and the period of suspension determined, by the vote of a majority of the members of the Appellate Committee or the Board present, and the penalty of expulsion from membership or of ineligibility of a suspended member for reinstatement may be inflicted only by a vote of two-thirds of the members of the Board present.

At any disciplinary hearing the Appellate Committee or the Board may impose a fine upon any member or member firm for each Rule or Regulation violated. By majority vote of the Appellate Committee members or Directors present, the fine for each Rule or Regulation violated shall not exceed \$250,000. The time for payment of any such fine shall be determined by the Appellate Committee or the Board. Failure of any member or member firm to pay the fine during the prescribed period shall be considered an act detrimental to the interest and welfare of the Association. 140 (08/01/94)

560.01 Disciplinary Notice - Any member who is suspended, expelled, denied access to the Floor of the Exchange or otherwise disciplined shall be notified of such action in writing, with notification to the Commodity Futures Trading Commission in a manner permitted by the Commission, within thirty (30) days. The notification shall include the reasons for the Exchange action in the form and manner the Commission prescribes. 1795 (01/01/00)

560.02 Association Bar - Unless otherwise specifically provided, the penalty of a bar from association with any member or member firm may be imposed, and the period of an association bar determined, by the vote of a majority of the members of the Appellate Committee or the Board present. A permanent bar from association may be imposed only by the Board by a vote of two-thirds of the members of the Board present. For purposes of this regulation, a bar from association with any member or member firm includes, but is not limited to, a member's acting in the capacity of a partner, officer, director, employee and/or agent of a member or member firm. (08/01/94)

561.00 Suspended or Expelled Member Deprived of Privileges - When a member is suspended by a Committee of the Association or the Board, such member shall be deprived during the term of his suspension of all rights and privileges of membership, but he may be proceeded against by the Board for an offense other than that for which he was suspended.

The expulsion of a member terminates all rights and privileges arising out of his membership, except such rights in respect to the proceeds of the transfer thereof as he may have under the provisions of Chapter 2 hereof. 159 (08/01/94)

562.00 Discipline During Suspension - A member suspended under the provisions of this Chapter may be proceeded against by the Board for any offense committed by him either before or after the announcement of his suspension, in all respects as if he were not under suspension. (08/01/94)

563.00 Trade Checking Penalties - The Floor Conduct Committee may assess a penalty not to exceed \$1,000.00 for each day that a member or registered eligible business organization fails to make adequate provisions for the checking of trades that have been rejected by the Clearing House. Such penalty may be appealed to the Appellate Committee on the ground that it is excessive or unreasonable, and the Appellate Committee may thereupon revoke, modify, or impose a greater or different penalty. (04/01/98)

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Chapter 6  
Arbitration of Member Controversies  
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Chapter 6  
Arbitration of Member Controversies  
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600.00 Arbitration of Member Controversies - Any controversy between parties who were members at the time such controversy arose and which arises out of the Exchange business of such parties shall, at the request of any such party, be submitted to arbitration in accordance with regulations prescribed by the Exchange. Every member, by becoming such, agrees to arbitrate all such disputes with other members in accordance with this Rule and the regulations prescribed by the Exchange pursuant to this Rule, and further agrees and obligates himself to abide by and perform any awards made thereunder. (06/01/95)

600.01 Member to Member Statute of Limitations - Except as provided in the a/c/e Mistrade Policy, a controversy shall be submitted to arbitration within two years from the date the member knew or should have known of the dispute. (09/01/01)

601.00 Arbitration of Customers' Claims and Grievances - The Exchange shall by regulation establish procedures in conformity with Section 5a(11) of the Commodity Exchange Act and Regulations thereunder for the settlement through arbitration of customers' claims and grievances against members and their employees. Every member, by becoming such, agrees to abide by all regulations prescribed by the Exchange pursuant to this Rule, and further agrees to abide by and perform any awards made thereunder. (08/01/94)

601.01 Award of Actual Damages - If an award of actual damages is made against a floor broker in connection with the execution of a customer order, the futures commission merchant that selected the floor broker may be required to satisfy such award. (08/01/94)

601.02 Award of Punitive or Exemplary Damages - Punitive or exemplary damages may be awarded to a customer in addition to losses proximately caused by a floor broker, if the floor broker acted wilfully and intentionally in bringing about the customer's losses. The punitive or exemplary damages may not exceed an amount equal to two times the amount of the actual damages proximately caused by the floor broker. In addition, the futures commission merchant that selected the floor broker may be required to satisfy the award of punitive or exemplary damages if the floor broker fails to do so and only if the futures commission merchant wilfully and intentionally selected the floor broker with the intent to assist or facilitate the floor broker's violation. (08/01/94)

602.00 Arbitration of Other Member-Nonmember Controversies - - The Exchange may by regulation establish procedures for the voluntary arbitration of controversies between members and nonmembers arising out of Exchange business, other than customers' claims and grievances, where neither the claim, nor any counterclaim, is in excess of \$50,000. Every member, by becoming such, agrees to abide by all regulations which the Exchange may prescribe pursuant to this Rule, and further agrees to abide by and perform any awards made thereunder. (08/01/94)

Ch6 A. Definitions

603.00 Member Defined - For purposes of this Chapter, the term "member" includes all individual members of the Association, and all partnerships, corporations, and cooperative associations registered with the Association pursuant to Rule 230.00 or related regulations. (11/01/94)

603.01 Definitions -

For purposes of this Chapter:

- A. "Member" of the Association includes all individual members of the Association, and all partnerships, corporations, and cooperative associations that are registered with the Association pursuant to Rule 230.00 or Regulation 230.17. For purposes of Rule 600.00 and Regulation 620.01(A), "member" shall also be deemed to include the operator or manager of a warehouse or shipping plant that has been declared regular by the Exchange for the delivery of grains, soybean oil or soybean meal in Board of Trade contracts.
- B. "Claims or grievance" is any dispute which arises out of any transaction on or subject to the rules of the Exchange (including any transaction on or subject to the Rules of another contract market if such transaction is part of the same cause of action), executed by or effected through a member of the Association, or by or through an employee of a member of the Association, which dispute does not require for adjudication the presence of essential witnesses or third parties over whom the Association does not have jurisdiction and who are not otherwise available. A "claim or grievance" does not include disputes arising from cash market transactions which are not part of or directly connected with any transaction for the purchase or sale of any commodity for future delivery.
- C. "Customer" does not include any member of the Association.
- D. "Unassociated person" excludes all persons who are either members of or associated with members of the Association, who are employees of the Association, or who are otherwise associated with the Association. For the purpose of customer claims or grievances in connection with this chapter only, "unassociated person" excludes all persons who are members of, or associated with members of, or are employees of, or otherwise associated with, the Association or any other contract market. (08/01/94)



610.01 Arbitration Committee - The Arbitration Committee shall consist of twenty-eight (28) individual members of the Association appointed by the Chairman of the Board with the approval of the Board. Seven (7) shall be chosen from each of the following four (4) categories: seven (7) shall be principally engaged as floor traders; seven (7) shall be principally engaged as floor brokers; seven (7) shall be affiliated with brokerage firms; and seven (7) shall be affiliated with commercial firms. Fourteen (14) members shall be appointed for a term to end January, 1992, and fourteen (14) members shall be appointed for a term to end January, 1993. Beginning January, 1992, fourteen (14) members shall be appointed each year for a term of two years. A vacancy shall be filled for the unexpired term in the same manner as is provided above. No person shall be a member of the Committee who, at the same time, is a member of the Board or a member of any standing disciplinary committee. A member of the Arbitration Committee shall not be disqualified to serve on the Committee or any panel thereof due to a change in categories subsequent to his appointment. If the category of a member of the Arbitration Committee should change subsequent to his appointment, he shall be considered for all purposes to be in the category from which he was chosen on the date of his appointment. (08/01/94)

610.02 Administrator of Arbitration - The Administrator of Arbitration ("Administrator") shall be appointed by the President to serve at his will. The Administrator shall assist the Arbitration Committee in the performance of its work, and perform all ministerial duties in connection therewith including the following: he shall receive and file all submissions, pleadings and awards; he shall select unassociated persons to serve on Mixed Panels; he shall schedule and give notice of all hearings, keep a record of all cases, and keep such other books, and memoranda as the Committee shall from time to time direct; he shall receive and disburse all deposits and costs and keep careful and accurate account thereof under the supervision of the Arbitration Committee; and he shall perform all other duties incident to his office. (08/01/94)

610.03 Unassociated Persons - The Administrator shall maintain a list of unassociated persons available to serve as arbitrators on Mixed Panels constituted pursuant to Regulation 620.02 for the arbitration of customers' claims and grievances and other member-nonmember controversies. The Administrator shall from time to time select unassociated persons and place on the list the names of such unassociated persons who are willing to serve as arbitrators. (08/01/94)

620.01 Jurisdiction and Submission -

- A. Member Controversies. The Arbitration Committee has jurisdiction to arbitrate all controversies between members arising out of Exchange business. A member party may compel another member party to arbitrate such controversies by delivering to the Administrator a Statement of Claim.
- B. \*Customer's Claims and Grievances. The Arbitration Committee and Mixed Panels constituted pursuant to Regulation 620.02 have jurisdiction to arbitrate all customer's claims and grievances against any member or employee thereof which have arisen prior to the date the customer's claim is asserted. If the customer elects to initiate an arbitration proceeding of any customer claim or grievance, the member shall submit to arbitration in accordance with these Arbitration Rules and Regulations. The arbitration shall be initiated by delivery to the Administrator of (a) a Statement of Claim and a "Chicago Board of Trade Arbitration Submission Agreement for Customers' Claims and Grievances" signed by the customer or (b) a Statement of Claim and another arbitration agreement between the parties, which agreement conforms in all respects with any applicable requirements prescribed by the Commodity Futures Trading Commission. The refusal of any member or employee to sign the "Chicago Board of Trade Arbitration Submission Agreement for Customer's Claims and Grievances" shall not deprive the Arbitration Committee or a mixed Panel constituted pursuant to Regulation 620.02 of jurisdiction to arbitrate customers' claims under these Arbitration Rules and Regulations. The Committee and Mixed Panels have jurisdiction to arbitrate a counterclaim asserted in such an arbitration, but only if it arises out of the transaction or occurrence that is the subject of the customers' claim or grievance and does not require for adjudication the presence of essential witnesses, parties or third persons over whom the Association does not have jurisdiction. Other counterclaims are subject to arbitration by the Committee, or a Mixed Panel, only if the customer agrees to the submission after the counterclaim has arisen.
- C. Other Member-Nonmember Controversies. The Arbitration Committee, and Mixed Panels constituted pursuant to Regulation 620.02, have jurisdiction to arbitrate all controversies between members and nonmembers arising out of Exchange business, other than customers' claims and grievances, where neither the claim nor the counterclaim is in excess of \$50,000 and where the claim is filed no more than one year after the date of the transaction giving rise to the claim or controversy. Any party may request the arbitration of such controversy by delivering to the Administrator (1) a Statement of Claim and a "Chicago Board of Trade Arbitration Submission Agreement" signed by all the parties or (2) a Statement of Claim and another arbitration agreement between the parties, which agreement conforms in all respects with any applicable requirements prescribed by the Commodity Futures Trading Commission.

\*The following is the text of Regulation 620.01(B) as amended by CFTC Rule 7.201. The legality of Rule 7.201, and thus the obligation of Board of Trade members to arbitrate customer's claims and grievances, has been the subject of litigation between the Board of Trade and one of its member firms against the CFTC since 1982. On December 30, 1986, the United States District Court for the Northern District of Illinois declared CFTC Rule 7.201 to be invalid as an unconstitutional denial of a member firm's Seventh Amendment right to a jury trial. However, on December 22, 1987, the Seventh Circuit Court of Appeals overturned the District Court's decision, thereby upholding CFTC Rule 7.201. The Board of Trade, with a member firm, filed with the United States Supreme Court a petition to review the Seventh Circuit's decision. On October 3, 1988, the Supreme Court denied the petition. The Supreme Court's ruling, in effect, reaffirms the Seventh Circuit's decision validating CFTC Rule 7.201 and compelling Association members, at the option of the customer, to arbitrate customer disputes arising out of Exchange business. (08/01/94)

620.02 Selection of Arbitrators and Chairman

- A. Customers' Claims and Grievances. Prior to the time of a customer's submission of a claim or grievance to the arbitration procedure established herein, he shall be informed that he may elect at the time of submission of the claim or grievance to have his dispute heard by an arbitration panel consisting of members selected pursuant to Subsection C of this Regulation, or by a Mixed

Panel selected pursuant to this Subsection. The customer shall be advised, prior to election of a Mixed Panel

1. that any increased expenses attendant to having such a Mixed Panel shall be borne by the member(s) regardless of the outcome of the arbitration unless the arbitrators determine that the customer acted in bad faith in initiating, or participating in, the arbitration proceeding.
2. that the Mixed Panel may have more or less knowledge in the area of commodities relevant to his claim that a panel composed entirely of members of the Arbitration Committee.

Such Mixed Panel shall be composed of five (5) persons, three of whom shall be unassociated persons, and two of whom shall be members of the Arbitration Committee, both of whom may be from the same category. The unassociated persons on such Mixed Panel shall be chosen by the Administrator by lot from the list of available unassociated persons maintained by the Administrator. The members of the Arbitration Committee shall be selected in a manner to be established by the Committee. Each panel shall be chaired by a member of the Executive Subcommittee of the Arbitration Committee.

- B. Other Member-Nonmember Controversies. The provisions of Subsection A of the Regulation shall be applicable to the arbitration of member-nonmember controversies, as well as to the arbitration of customers' claims and grievances.
- C. Other Controversies. In the case of controversies between members, or in the event that a customer or nonmember party does not elect a Mixed Panel as outlined in Subsections A and B of this Regulation, the arbitration panel shall consist of five (5) Arbitrators, to be selected from the Arbitration Committee in a manner to be established by the Committee, with at least one Arbitrator to be selected from each category described in Regulation 610.01. Each panel shall be chaired by a member of the Executive Subcommittee of the Arbitration Committee.
- D. Executive Subcommittee of the Arbitration Committee. For the purpose of this Regulation 620.02, the Executive Subcommittee of the Arbitration Committee shall consist of one Chairman, one Vice Chairman and three other members, all of whom have been appointed by the Chairman of the Board with the approval of the Board of Directors. One member of the Subcommittee must be principally engaged as a floor trader, one member must be principally engaged as a floor broker, one member must be affiliated with a brokerage firm, and one member must be affiliated with a commercial firm. The Chairman of the Subcommittee may come from any of the four categories cited in the preceding sentence. (11/01/97)

620.03 Special Arbitrators - Where the controversy is of a highly technical nature, if the parties desire, they may arrange between themselves for one or more Special Arbitrators to be convened by the Administrator, in which event such Special Arbitrator or Special Arbitrators shall proceed in accordance with the provisions of this Chapter. (08/01/94)

620.04 Time Limit for Filing Customers' Claims and Grievances - The Arbitration Committee and Mixed Panels constituted pursuant to Regulation 620.02 do not have jurisdiction to arbitrate customers' claims and grievance which are filed more than one year after the date of the transaction giving rise to the claim or controversy. (08/01/94)

620.05 Time Limit for Filing Claims in Member/Agricultural Regular Firm Controversies - The Arbitration Committee does not have jurisdiction to arbitrate controversies between members and agricultural regular firms which are filed more than one year after the date of the events giving rise to the claim or controversy. (08/01/94)

Ch6 D. Procedure

630.01 Pleadings

- A. Form of Pleadings. Pleadings shall be sufficient if they contain information which reasonably informs the other party of the nature of the claim, counterclaim, or defense. The amount of the claim or counterclaim shall be stated where possible. Provided, however, in any controversy submitted between non-members (parties who are neither customers nor members) and members or their employees, the parties shall be deemed to have agreed between themselves that no award upon a claim or counterclaim shall exceed \$50,000.
- B. Notice. The Administrator shall deliver or mail copies of all pleadings to the parties as soon as practicable.
- C. Answer and Counterclaim. The respondent shall have ten (10) business days from receipt of the Statement of Claim in which to file an answer and counterclaim, if any, with the Administrator. If the respondent does not file an answer and counterclaim, if any, within the time prescribed, the respondent will be deemed to have denied the claim and to have waived any counterclaim. The Administrator, in his discretion, may extend the filing period upon request of the respondent.
- D. Reply. The claimant shall be given the same opportunity to reply to any counterclaim as was given the respondent to answer. (08/01/94)

630.02 Third Party Actions - In an arbitration between members pursuant to the provisions of Regulation 620.01(A).

1. A party may bring in a third party member against whom a claim is asserted arising out of or in connection with transactions referred to in the pleadings.
2. A member may, in the discretion of the Arbitrators, intervene in a pending arbitration proceeding and become a party if the Arbitrators are satisfied that the claim which he asserts against either or both of the parties arises out of or in connection with the transactions referred to in the pleadings.
3. The procedures to be followed in any third party action shall be determined by the Arbitrators. (08/01/94)

630.03 Cross Claims - In an arbitration between members pursuant to the provisions of Regulation 620.01(A), parties shall have the right to assert cross claims. (08/01/94)

630.04 Representation by Attorney - A party is not required to be represented by an attorney; however, he has the right to be represented by an attorney at his own expense if he so chooses. A party who is represented by an attorney shall so notify the Administrator and shall furnish to him the attorney's name and address. Subsequent papers in the proceeding may be delivered or mailed to the party through his attorney. The arbitrators may award a party all or any portion of the party's reasonable attorneys fees and expenses incurred as a result of another party's frivolous claim or defense. The party so awarded shall submit an affidavit, detailing his attorney fees and expenses, to the Administrator with notice to the opposing party. (08/01/96)

630.05 Time and Place for Hearing - The Administrator shall set a date for the hearing after all pleadings have been filed, and shall notify the parties at least five (5) business days in advance of the time and place, with a copy of the notification to the Arbitrators. All hearings shall be held in the City of Chicago, State of Illinois. If it is determined by the Administrator that it is necessary, for any reason, to postpone the time of hearing, he shall notify the parties. When a new date for hearing is set, the parties shall be notified as soon as practicable and no less than five (5) business days before the hearing unless the time limit is waived. (08/01/94)

630.06 Witnesses, Subpoenas, Depositions - Arbitrators and parties shall have such powers in regard to compelling attendance of witnesses or the production of documents or things, or the taking of depositions, as are provided in the Uniform Arbitration Act of Illinois. (08/01/94)

630.07 Oath of Arbitrators - All Arbitrators shall be sworn faithfully and fairly to hear, examine, and determine all controversies and to make awards according to the best of their understanding. Such oath may be administered by any person authorized to administer oaths. (08/01/94)

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630.08 Hearing Procedures

- A. The Arbitrators may allow stipulations and establish such other procedures as may simplify the issues and expedite the hearing. The Arbitrators may hear and determine the controversy upon the evidence produced, notwithstanding the failure of a party duly notified to appear or to present evidence.
- B. Each of the parties or his attorney shall be permitted to make an opening statement; present witnesses and evidence material to the controversy; cross-examine witnesses, including parties to the arbitration; and present closing arguments orally or in writing as may be determined at the hearing by the Arbitrators. The Arbitrators shall not be bound by formal rules of evidence. The Arbitrators shall receive and consider the evidence of witnesses by affidavit, but shall give it only such weight as they deem it entitled to after consideration of any objections made to its submission. All testimony shall be taken under oath or affirmation. The hearing shall be formally declared closed by the Arbitrators. Such hearings may, however, in the discretion of the Arbitrators, be reopened at any time prior to the making of an award.
- C. The Arbitrators may, when they deem it appropriate, record the proceedings in whatever manner they determine. Any party may require the proceedings to be transcribed if he agrees to pay the actual cost of such transcription. The Administrator shall make the necessary arrangements for the taking of a stenographic record whenever such record is requested. (08/01/94)

630.09 Amendments To Pleadings - At any time before the hearings are declared closed, any party may move to amend his pleadings to conform to the evidence and, if the Arbitrators shall permit the amendment, the case shall be determined on the amended pleadings. (08/01/94)

630.10 Adjournments - The Arbitrators may adjourn the hearings from time to time upon the application of either party for good cause or at their own instance. (08/01/94)

630.11 Notice and Communications - Notices shall be given to the parties by the Administrator or otherwise as the Arbitrators may direct. (08/01/94)

630.12 Arbitration Procedures For Claims Under \$2,500

- A. Where claims of the parties including counterclaims, if any, are under \$2,500 in the aggregate, the dispute shall be resolved by the Arbitrators solely upon the pleadings and documentary evidence filed by the parties. A party shall have the right to take the deposition of any other party in the manner and upon terms designated by the Arbitrators.
- B. Notwithstanding the provisions of this Regulation, the Arbitrators may request the submission of further evidence in the proceedings, and the Arbitrators may, by a majority vote, call and conduct a hearing if such is deemed to be necessary. (08/01/94)

630.13 Rulings and Awards

- A. All rulings and awards shall be by a majority vote of the Arbitrators.
- B. The award shall be in writing and signed by the Arbitrators joining in the award. Such award shall be promptly rendered according to the Rules and Regulations of the Association and the laws of the land, and the award shall be final. The Arbitrators shall file the award with the Administrator and the Administrator shall deliver or mail a copy to each party.
- C. Failure to comply with an order or award of the Arbitration Committee or to pay the full amount of the award to the Exchange as escrow agent within thirty (30) days of notice of the order or award shall be deemed to be a failure to perform an Exchange contract in accordance with Rule 278.00

The amount of the award placed in escrow with the Exchange plus accrued interest shall be released to the prevailing party ninety-one days after notice of the award is issued unless a timely motion to vacate, modify or correct the award has been filed with a court of competent jurisdiction, in which case the amount shall continue to be held by the Exchange and together with accrued interest shall be disbursed upon the entry of and in accordance with a final order disposing of such motion. (08/01/94)

630.14 Change of Award - On application of a party to the Arbitrators, the Arbitrators may modify or correct the award in accordance with the Uniform Arbitration Act of Illinois. (08/01/94)

Ch6 E. Miscellaneous Provisions

640.01 Fees and Expenses - A schedule of arbitration fees shall be established from time to time by the Arbitration Committee, with the approval of the Board. The Arbitrators, in the award, shall fix expenses and assess fees, in accordance with the Committee's schedule, in whatever manner they deem appropriate, provided that incremental costs associated with the selection of a Mixed Panel by a customer shall be borne by the member regardless of the outcome of the arbitration unless the arbitrators shall determine that the customer acted in bad faith in initiating, or participating in, the arbitration proceeding. Parties shall be notified prior to the submission of a claim of the nature and amount of fees and expenses which may be assessed against the parties to the extent that the amount of such fees and expenses may be determined prior to submission and hearing of the claim. (08/01/94)

640.02 Ex Parte Contacts - Parties are prohibited from making ex parte contacts with any Arbitrator hearing an arbitration between the parties. (08/01/94)

640.03 Holdover Arbitrators - Whenever the Arbitrators have begun to hear or review evidence and argument in any arbitration proceeding, and the term of one or more of the Arbitrators expires, such Arbitrator or Arbitrators shall continue in office until the arbitration proceeding has ended. A holdover member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of his successor or his successor's right to participate in all other Committee business. (08/01/94)

640.04 Power to Decline Jurisdiction - Arbitrators may decline jurisdiction in any case, except as provided by law. The Arbitrators may, at any time during the proceeding, except as provided by law, and shall, upon the joint request of the parties, dismiss the proceeding. (08/01/94)

640.05 Compliance With Applicable Laws - The Regulations of this Chapter shall be so construed as to comply with applicable mandatory provisions of the Commodity Exchange Act (including Regulations thereunder) and all mandatory provisions of the Uniform Arbitration Act of Illinois and, where in conflict with the mandatory provisions of such Act or Acts, the Acts shall prevail. However, these Regulations, being an integral part of all agreements for the arbitration of disputes pursuant hereto, shall supersede all provisions of the Acts which are waivable by agreement. (08/01/94)

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Ch7 Clearing House

700.00 Settlement by Clearance - All contracts, including contracts made by members upon behalf of non-members, shall be cleared through the Clearing House, and all such contracts shall be subject to the Charter, By-Laws, and Clearing Regulations of the Clearing House; except in security contracts unless otherwise stipulated in the bid or offer or it is otherwise agreed by the parties to the contract, or the Clearing House, either in the particular instance or in pursuance of its By-Laws and Resolutions, will not act in the matter. 310 (09/01/94)

701.00 Rights of Board - During 1936 the Board, by the affirmative vote of fourteen Directors and thereafter by the affirmative vote of twelve Directors, may discontinue the clearance of commodities and securities contracts through the Clearing House, and provide for such other method of clearance as may be selected. 311 (08/01/94)

702.00 Clearing House By-Laws - The Clearing House may not change its By-Laws without the consent of the Board. 312 (08/01/94)

703.00 Membership in Clearing House - The Clearing House may prescribe the qualifications of its own members. However, no person, corporation, limited liability company, partnership, or any other type of eligible business organization (hereinafter collectively referred to as "Eligible Business Organization") shall become a member of the Clearing House until approved by the Membership Committee, subject to the following conditions:

- (a) No Eligible Business Organization shall become a member of the Clearing House for the purpose of clearing trades for others unless the chief executive officer of a corporation, the managing partner of a partnership, or the managing member of a limited liability company has registered his or her membership privilege for the use of the Eligible Business Organization pursuant to Rule 230.00 and the provisions of paragraph (d) below are met. For good cause shown and if approved by the Membership Committee with the concurrence of the Governors of the Clearing House, the Eligible Business Organization may designate its principal managerial employee instead of the individual referred to above. For the purpose of this Rule, a principal managerial employee shall be the highest ranking managerial employee in the Eligible Business Organization whose duties pertain to the management of the Eligible Business Organization or any division thereof, and who is in a position to influence the Eligible Business Organization's operations with respect to commodities business. The ability to influence the eligible Business Organization's operation with respect to commodities business includes, but is not limited to, the following:
  - (1) the ability to commit the Eligible Business Organization's capital whenever required by the Exchange or the Board of Trade Clearing Corporation.
  - (2) the ability to liquidate or otherwise adjust the Eligible Business Organization's commodity futures or options positions as directed by the Exchange; and
  - (3) the authority to appear before and respond to any committee of the Exchange on behalf of the Eligible Business Organization.
- (b) An individual member of the Association or a registered partnership or a limited liability company consisting of a husband and wife who are members, may be a member of the Clearing House provided that they clear trades exclusively for their own account.
- (c) No Eligible Business Organization may be a member of the Clearing House for the purpose of clearing its own trades exclusively unless one of its managerial employees has registered his or her membership for the use of the Eligible Business Organization as provided in Rule 230.00.

The provisions of the foregoing paragraph shall apply to an Eligible Business Organization which is solely owned provided that the sole owner is a member of the Association and has registered his or her membership for the use of the Eligible Business Organization with the approval of the Membership Committee under the provisions of Rule 230.00. In such a case, the Eligible Business



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Organization may be a member of the Clearing House for the purpose of clearing its own trades exclusively.

- (d) An Eligible Business Organization may be a member of the Clearing House and clear trades for others if it conducts a substantial and continuing business in commodity futures contracts on the Exchange directly with the trading public and if two memberships for the use of the Eligible Business Organization are registered under the provisions of Rule 230.00. One of the memberships to be registered must be that of the chief executive officer of a corporation, the managing partner of a partnership, or the managing member of a limited liability company, as applicable. The second membership to be registered must be that of the second ranking managerial employee of the Eligible Business Organization.

The Membership Committee, in its discretion and for good cause shown, may allow an Eligible Business Organization to register a membership in the name of a managerial employee of the Eligible Business Organization other than the second ranking managerial employee in order to satisfy the requirements of this paragraph (d) when the second ranking managerial employee fails to meet the qualifications of the term managerial employee as defined in Rule 230.00.

- (e) A lawfully formed and conducted cooperative association of producers having adequate financial responsibility and which is engaged in any cash commodity business, may clear trades through the Clearing House provided it meets the registration requirements for Eligible Business Organizations as set forth in this Rule.
- (f) A member firm which is also a clearing member firm of the Association or a managerial employee of such firm shall not be prohibited from owning, controlling, or being a shareholder, member or limited partner in one other clearing member firm provided that when both clearing members are corporations, the second clearing member is a 100% wholly owned subsidiary of the first clearing member corporation and further provided that each clearing member must, in its own right, meet all the conditions and requirements contained in this chapter.
- (g) An Eligible Business Organization which is not a clearing member of this Association shall not be prohibited from owning and controlling two clearing members, provided that each of the two clearing members is a 100% wholly-owned subsidiary of the Eligible Business Organization and provided that each of the two clearing members meets all of the conditions and requirements contained in this chapter in its own right.
- (h) For the purpose of Rule 703.00 (c), (f) and (g), the registrant of a corporation shall be its chief executive officer or, for good cause shown, its principal managerial employee as defined in paragraph (a) above; the registrant of a partnership shall be its managing partner or, for good cause shown, its principal managerial employee as defined in paragraph (a) above; and the registrant of a limited liability company shall be its managing member or, for good cause shown, its principal managerial employee as defined in paragraph (a) above. (04/01/98)

703.00A Office Location and Operation - To be eligible for clearing privileges, an Eligible Business Organization must:

Operate under the direct supervision of the clearing member, if an individual, or of a member in good standing having full authority to transact business with the Clearing House for and on behalf of the clearing member, including entering into Exchange and members' contracts, if an Eligible Business Organization; or

Back-office operations may be located outside Chicago provided the clearing member, or applicant for clearing membership, meets any systems requirements, documentation and/or agreements as prescribed by The Chicago Board of Trade and The Board of Trade Clearing Corporation in order to ensure that the clearing member/applicant will be able to comply with The Chicago Board of Trade's and The Board of Trade Clearing Corporation's Bylaws, rules, policies and procedures.

Provided, however, that the Board of Governors of the Clearing House may permit individual members, as well as partnerships and limited liability companies composed only of members, to share office space if they clear only their personal trades and carry no accounts for customers. 31R (07/01/01)

703.00B Transition Period for Amended Rule 703.00 - Any eligible business organization which is not in compliance with the terms of amended Rule 703.00 on its effective date shall have six (6) months from that date to comply with the terms of the Rule as amended. (04/01/98)

704.00 Substitution - Where a future delivery contract is cleared through the Clearing House,

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the Clearing House shall be deemed substituted as seller to the buyer, and shall also be deemed substituted as buyer to the seller, and thereupon the Clearing House shall have all of the rights and be subject to all of the liabilities of the original parties with respect to such contract. 314 (08/01/94)

705.00 Offsets - Where a member buys and sells the same commodity for the same delivery, and such contracts are cleared through the Clearing House, the purchases and sales shall be offset to the extent of their equality, and the member shall be deemed a buyer from the Clearing House to the extent that his purchases exceed his sales, or a seller to the Clearing House to the extent that his sales exceed his purchases. 315 (08/01/94)

705.01 Reporting (Margins) - A bona fide hedger, in financial instruments, may report positions on a gross basis provided appropriate margins are paid during the delivery month, on the gross positions reported, as required by Regulation 431.02. (18) (08/01/94)

705.02 Reporting (Offsets) - A bona fide hedger, in financial instruments, reporting consistently on a gross basis under Regulation 705.01 shall, during a delivery month settle gross positions only by offsetting such positions through trades in the pit. During non-delivery months, and not later than three days prior to the first day of the delivery month, gross positions may be offset as provided for in the Rules of the Association. (08/01/94)

706.00 Trades for Customers\* - Where a member makes a trade for future delivery of commodities for a customer (member or non-member) and the trade is cleared through the Clearing House, the Clearing House becomes the principal who is liable to the customer and to whom the customer is liable, subject to the following: (a) the trade shall remain subject to the Charter, By-Laws, and Resolutions of the Clearing House; (b) the trade may be offset against other trades of the clearing member as provided in Rule 705.00; (c) if the trade is not offset and the member being a seller, tenders a delivery notice to the Clearing House, the member to whom such delivery is assigned, under Rule 1048.00, shall thereupon be substituted as buyer in lieu of the Clearing House; (d) if the trade is not offset, and the member, being a buyer, is assigned a delivery under Rule 1048.00, the seller whose delivery is thus assigned shall thereupon be substituted as seller in lieu of the Clearing House; (e) if the trade is offset, the Clearing House shall be discharged, and the member himself shall be substituted for the Clearing House as principal. For the purpose of this Rule, the first trades made shall be deemed the first trades offset. 316

\*See also Board of Trade Clearing Corporation By-Law 515. (08/01/94)

Ch7 Deposits for Security

720.00 Amount Callable - On future delivery contracts, buyers may require sellers and sellers may require buyers to deposit, as security for faithful performance, such percentage of the market price of the commodities bought or sold as shall not be in excess of the standing margin requirements of the Clearing House. 260 (08/01/94)

721.00 Depositories - All such deposits shall be made with the Treasurer, or with a bank approved by the Board. Such bank must have at least one executive officer who is a member, and must file a bond, approved by the Board, conditioned to dispose of such deposits according to the Rules. 261 (08/01/94)

722.00 Certificates - The depository shall issue a certificate of deposit in duplicate, giving the date and amount of the deposit and the name of the depositor and the beneficiary. It shall also state that the certificate is subject to the Rules of the Association. 262 (08/01/94)

723.00 Disposition of Duplicate Certificates - The depositor, within one hour after the call for the deposit, must deliver the duplicate certificate of deposit to the Clearing House or to the beneficiary. 263 (08/01/94)

724.00 Existing and Future Exchange Contracts - Unless otherwise provided all deposits shall constitute security for the performance of all existing or future Exchange contracts between the parties. 264 (08/01/94)

725.00 Notice of Call - Calls for deposits may be served personally upon the party called or upon his clerk or representative on Change, or by written notice left at his place of business. If he has no place of business and cannot be found, the call may be made by written notice left at the Office of the Secretary. 265 (08/01/94)

726.00 Failure to Make Deposit - Failure to make deposits for one hour after demand shall authorize but not obligate the other party to close out the trades for which security was demanded. If such trades are closed, the delinquent shall be immediately notified, whereupon any loss upon such trades shall be immediately payable through the Clearing House. 266 (08/01/94)

727.00 Return of Deposits - Upon performance or closing out of contracts secured by deposits, or upon the assumption of such contracts by the Clearing House, such deposits may be withdrawn upon the joint endorsement of depositor and beneficiary. If they cannot agree as to the disposition of the deposit, either party may apply to the Chairman of the Arbitration Committee, who shall appoint a special committee of three arbitrators before whom the dispute shall be arbitrated. The Committee shall report their findings to the Chairman of the Arbitration Committee, and thereupon the Chairman of the Arbitration Committee shall endorse the original or duplicate certificate in accordance therewith. Such endorsement shall authorize the depository to pay the deposit as directed. 267 (08/01/94)

728.00 Release of Excessive Deposits - If, by reason of market fluctuations, any deposit becomes excessive, the excess shall be released, either by the joint action of the interested parties, or by the Chairman of the Arbitration Committee, as provided in Rule 727.00. 268 (08/01/94)

729.00 Deposits to Secure Clearing House - The foregoing provisions of this Chapter shall not apply as between clearing members and the Clearing House. Deposits to secure the Clearing House shall be pursuant to the By-Laws of the Clearing House. 269 (08/01/94)

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Ch9 Definitions

901.00 Authority - Whenever used in these Rules and Regulations, unless the context otherwise requires, the following words and expressions shall be defined as follows: 1 (08/01/94)

902.00 And - May be construed as "or," and vice versa when the sense requires. 2 (08/01/94)

903.00 Association - The Board of Trade of the City of Chicago. 3 (08/01/94)

903.01 Association - The term "Association" as defined in Rule 903.00 shall include all wholly-owned subsidiaries of the Board of Trade of the City of Chicago. (08/01/94)

904.00 Board - The Directors, the Chairman of the Board, the Vice Chairman of the Board and the President. 4 (08/01/94)

905.00 Bulletin Board - The bulletin board in the Exchange Hall where notices are customarily posted. 5 (08/01/94)

906.00 Business Day - Days when the Association is open for business. 6 (08/01/94)

906.03 Regular Trading Hours ("RTH") - Those hours designated by the Board of Directors for trading during daytime hours by means of open outcry. (08/01/94)

906.04 Trading Day - (a) For agricultural contracts, each trading day (1) shall consist of two trading sessions, the e-cbot trading session and the Regular Daytime open outcry session, and (2) shall begin with the e-cbot trading session and end with the close of Regular Daytime open outcry session. (b) For contracts which are traded concurrently on e-cbot and by open outcry, the trading day (1) shall consist of two trading sessions, the e-cbot trading session and the Regular Daytime open outcry trading session, and (2) shall begin with the e-cbot trading session and end with the later of the close of the e-cbot trading session or the close of the Regular Daytime open outcry session.

Settlement prices will be derived from the close of the Regular Daytime open outcry session, except in the case of contracts which are traded exclusively on e-cbot. For contracts traded exclusively on e-cbot, settlement prices will be derived from the close of the e-cbot trading session. (09/01/00)

906.05 Trading Session - A trading session shall mean either the hours designated for e-cbot trading or the hours designated for regular daytime trading. (09/01/00)

906.06 e-cbot Trading Hours - Those hours designated by the Board of Directors for trading through the e-cbot automated order entry facility for particular contracts. (09/01/00)

907.00 Cash Grain - Spot grain and grain to arrive. 7 (08/01/94)

908.00 Cash Grain Broker - A member who negotiates purchases or sales of cash grain for a brokerage. 8 (08/01/94)

909.00 Chicago District - The Chicago District as now or hereafter defined in the joint railroad tariffs of the railroads entering Chicago. 9 (08/01/94)

910.00 Check Slips - Confirmation of trades between members, as defined in the By-Laws or Resolutions of the Clearing House. 10 (08/01/94)

911.00 Clearing House - The Board of Trade Clearing Corporation, or such other corporation or agency as may be authorized to clear trades for members. 11 (08/01/94)

912.00 Clearing Member - A member of the Association who is also a member of the Clearing House. 12 (08/01/94)

913.00 Commission Merchant - A member who makes a trade, either for another member or for a non-member, but who makes the trade in his own name and becomes liable as principal as between himself and the other party to the trade. 13 (08/01/94)

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914.00 Commodity - Any commodity which may be dealt in under Rules or Regulations of the Association. 14 (08/01/94)

915.01 DRT ("Disregard Tape" or "Not Held") Order - An order giving the floor broker complete discretion over price and time in execution of a trade, including discretion to execute all, some or none of the order. It is understood the floor broker accepts such an order solely at the risk of the customer on a "not held" basis. (02/01/95)

915.02 All-or-None Order - An order to be executed only for its entire quantity at a single price and with a size at or above a predetermined threshold. (07/01/00)

916.00 Exchange Contracts and Members' Contracts - All contracts of members of the Association, or of firms or corporations registered under the Rules and Regulations, with other members of the Association, or firms or corporations registered under the Rules and Regulations, for the purchase or sale of commodities, or for the purchase, sale, borrowing, loaning, or hypothecation of securities, or for the borrowing, loaning or payment of money, whether occurring upon the floor of the Exchange or elsewhere, are members' contracts.

Exchange Contracts shall include all Members' Contracts:

- (1) Made on the Exchange;
- (2) Not made on the Exchange, unless made subject to the rules of another Exchange, or unless the parties thereto have expressly agreed that the same shall not be Exchange Contracts.

The provisions of the Rules and Regulations of the Association shall be part of the terms and conditions of all Exchange Contracts and all such contracts shall be subject to the exercise by the Board, the Standing Committees, and the Clearing House of the powers in respect thereto, vested in them by the Rules and Regulations. And all such contracts shall be subject to all Rules or Regulations subsequently adopted, where such Rules or Regulations are expressly made applicable to existing contracts. 16 (08/01/94)

917.00 Floor Broker - A member who makes contracts for the account of other members. 17 (08/01/94)

918.00 Following Day, or other similar expression - The following business day. 18 (08/01/94)

919.00 Future Delivery Contract - A contract made on Change for the purchase or sale of any commodity for delivery in the future pursuant to the Rules and Regulations. (08/01/94)

920.00 Grain - Wheat, corn, oats, rye, barley, flaxseed, soybeans and grain sorghum. 20 (08/01/94)

921.00 Grain to Arrive - Grain originating at outside points for shipment to or shipped to the Chicago District, subject to Chicago Board of Trade weights or Chicago inspection. 21 (08/01/94)

922.00 Holiday - Any day declared to be a holiday by Regulation or Resolution adopted by the Board of Directors of this Association. 22 (08/01/94)

923.00 List - The list of securities admitted to dealings on the Exchange. 23 (08/01/94)

924.00 Member - A member of the Association. 24 (08/01/94)

924.01 Membership on Committees - The term "member", as used throughout these Rules and Regulations for eligibility for membership on Standing or Special Committees, shall include only those members who hold a Full or Associate Membership.

Delegates of Full or Associate Memberships who do not hold in their own name a Full or Associate Membership are eligible to serve as full voting members on any Standing or Special Committee of the Association, unless otherwise specified in these Rules and Regulations, except for the following Committees:

Appellate; Arbitration; Business Conduct; Executive; Finance; Financial Compliance; Floor Broker; Floor Conduct; Floor Governors; Hearing; Strategy; Membership; Nominating; Regulatory Compliance; Audit; and Human Resources.

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The Chairman of the Board, or the Board, may appoint any such delegate to a Special or Ad Hoc Committee if that delegate has unique and valuable expertise to offer to that Committee. However, if any such Special or Ad Hoc Committee shall later be determined to be a Standing Committee, the eligibility of any such delegate as a full voting member on that Committee shall be referred to the Regulatory Compliance Committee.

None of the foregoing shall prohibit the Chairman of the Board, or the Board, from appointing such delegates as non-voting advisors to any committee.  
(02/01/99)

924.02 Status of GIMs, IDEMs and COMs - The holder of GIM, IDEM and COM membership Interests are, and shall be deemed to be, "members" of the Board of Trade of the City of Chicago, Inc. for purposes of the Delaware General Corporation Law, as amended from time to time.  
(04/01/01)

925.00 Non-clearing Member - A member of the Association who does not clear trades in his own name. 25 (08/01/94)

926.00 Non-member - A non-member of the Association. 26 (08/01/94)

927.00 Notice - A notice in writing served personally upon the person to be notified, or left at his usual place of business during business hours, or mailed by registered mail to his residence. 27 (08/01/94)

928.00 On the Exchange, or on Change - In the Exchange Halls or through Exchange facilities including an approved automated order entry facility during trading hours on business days. 28 (08/01/94)

929.00 Outside Points - Points outside of the Chicago District. 29 (08/01/94)

930.00 President - The Chief Executive Officer of the Association. 30  
(08/01/94)

931.00 Privilege of the Floor - The privilege of coming on the floor of the Exchange. 31 (08/01/94)

932.00 Railroad Receipts - Bills of lading, or railroad receipts therefor, or switching receipts. 32 (08/01/94)

933.00 Regulations - The Regulations of the Association adopted by the Board or a Committee designated pursuant to Rule 132.00 to promulgate regulations. 33  
(08/01/94)

934.00 Rules - The Rules of the Association adopted by the membership.

In all such expressions as "under the Rules," "according to the Rules:" or "subject to the Rules," the word "Rules" shall mean the Charter, Rules, and Regulations of the Association and all amendments thereto. 34 (08/01/94)

935.00 Secretary - The Secretary of the Association. 35 (08/01/94)

936.00 Security or Securities - Stocks, Bonds, Notes, Certificates of Deposit or Participation, Trust Receipts, Rights, Warrants, and other similar instruments. 36 (08/01/94)

937.00 Singular - Shall import the plural, and vice versa, when the sense requires. 37 (08/01/94)

939.00 Spot Grain - Grain located in the Chicago District subject to sale for immediate delivery. 39 (08/01/94)

940.00 Stop Order or Stop Loss Order - An order to buy or sell when the market reaches a specified point. A stop order to buy becomes a market order when the commodity or security sells (or is bid) at or above the stop price. A stop order to sell becomes a market order when the commodity or security sells (or is offered) at or below the stop price. 40 (08/01/94)

941.00 Board Order or Market If Touched Order - An order to buy or sell when the market reaches a specified point. A board order, or a market if touched order to buy becomes a market order when the commodity or security sells (or is offered) at or below the order price. A board order or a market if touched order to sell becomes a market order when the commodity or security sells (or is bid) at or above the order price. 40A (08/01/94)

942.00 Trade - Transaction on change executed in the Exchange Halls or through Exchange facilities including an approved automated order entry facility. 41 (08/01/94)



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943.00 Transaction on Change - Any purchase or sale of any commodity or security in the Exchange Halls or through Exchange facilities including an approved automated order entry facility system during trading hours on business days. 42 (08/01/94)

944.00 Treasurer - The Treasurer of the Association. 43 (08/01/94)

945.00 Chairman of the Board - The presiding officer of the Board of Directors. 29A (08/01/94)

946.00 Financial Instrument Contract - Financial Instrument Contract means any contract in respect to Mortgage Backed Certificates Guaranteed by the Government National Mortgage Association, obligation of the United States or other public agencies, private commercial paper and any other instrument evidencing or securing a contribution, loan or borrowing of funds which may be designated as a Financial Instrument Contract by the Board of Directors. (08/01/94)

948.00 Volatility Quote - An alternative means of quoting options, or combinations involving options, by bidding or offering the implied volatility. Any transactions quoted in volatility terms will be translated into price terms for clearing purposes by means of a standard options model maintained and disseminated by the Exchange. (08/01/94)

949.01 e-cbot - e-cbot is a screen-based electronic trading system for trading futures and options on futures contracts and such other products as determined by the Board pursuant to Chapter 9B. (09/01/00)

949.02 e-cbot Terminal Operator - An e-cbot terminal operator is a person who has been identified to the Exchange by an individual member or member firm as authorized to enter orders through e-cbot. (09/01/00)

949.03 User - A User is a non-member, including an affiliate of a member firm, that has been authorized by its clearing member to have a direct connection to e-cbot in accordance with Regulation 9B.04(b). (12/01/01)

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Chapter 9B

e-cbot (SM)  
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9B.01 Applicability of Rules - The rules and regulations contained in this Chapter govern those Exchange contracts which are traded through the e-cbot system. To the extent that the provisions in this Chapter conflict with rules and regulations in other sections of this Rulebook, this Chapter supersedes such rules and regulations and governs the manner in which contracts are traded through the e-cbot system. Otherwise, contracts traded on the e-cbot system are fully subject to applicable general rules and regulations of the Exchange unless specifically and expressly excluded therefrom. (09/01/00)

9B.02 Hours - The Board of Directors shall expressly determine the hours during which the e-cbot system shall operate for the trading of each contract or product; however, any such agricultural contract or product shall be precluded from trading through the e-cbot system during those hours which are now or in the future designated for trading that contract or product by means of open outcry.

On the last day of trading of an expiring future, a system notice will be sent to all users on the e-cbot system designating the beginning of the one minute close of the expiring future. Trading shall be permitted thereafter for a period not to exceed one minute.

The following additional provisions shall apply with respect to agricultural contracts and agricultural products:

- - The Board of Directors shall determine e-cbot trading hours only if such hours are between 6:00 p.m. and 6:00 a.m. (Chicago time).
- - e-cbot trading hours outside of the 6:00 p.m. to 6:00 a.m. timeframe shall be subject to approval by membership ballot vote pursuant to Rule 109.00. (09/01/00)

9B.03 Products - The Board of Directors shall determine the contracts and/or products which shall be traded through or listed on the e-cbot system, subject to the following restriction:

Each existing and prospective agricultural futures and options contract shall be restricted from trading through or listed on the e-cbot system unless approved by affirmative vote of a majority of votes cast in a vote of the membership pursuant to Rule 109.00. (09/01/00)

9B.04 Direct Connection - (a) Direct Member Connection - Every member of the Exchange who has registered with the Exchange, is eligible to effect transactions through the e-cbot system. Solely for purposes of this Chapter, the owner or delegate of a Full or Associate Membership shall be entitled to register under Rule 230.00 for an eligible business organization admitted to trading at Eurex Deutschland, solely to conduct non-clearing business on e-cbot. (b) Direct User Connection- A Primary Clearing Member may authorize the extension of a direct e-cbot connection to one or more of its non-member customers or affiliates, who are registered with the Exchange as Users and for whom no other Clearing Member has authorized a direct connection. Such Primary Clearing Member guarantees the financial obligations of such User arising from its use of e-cbot, and shall give the Exchange notice of its authorization for a direct connection in writing signed by an authorized officer of the Primary Clearing Member. All transactions by or on behalf of a User on e-cbot shall be subject to non-member transaction fees. (12/01/01)

9B.05 Training Requirement - Members, Users and terminal operators must complete a general proficiency course prior to obtaining a direct connection to e-cbot. (12/01/01)

9B.06 e-cbot Terminal Location - Terminals which are directly connected to e-cbot may be placed in the following locations:

- (a) Floor Terminals - Terminals which are directly connected to e-cbot may be located on the floor of the Exchange for use by members registered with the Exchange. Terminals may also be placed within a member firm's floor booth space for use by members and by non-member terminal operators who do not maintain an associated person registration.
- (b) Office Terminals - Upon application to the Exchange, a terminal which is directly connected to e-cbot may be located within the offices of a member or member firm. The number of terminals located within the offices of a member firm, excluding individual members' terminals, with a direct connection to e-cbot at any one time shall not exceed the number of memberships registered with the Exchange on behalf of the member firm pursuant to Rule 230.00; provided that the foregoing limitation shall not apply to a member firm for terminals which are located within its offices and which: (1) are utilized for the entry of orders on behalf of customers of the member firm or (2) are utilized for the entry of orders for the member firm's own accounts as that term is used in Regulation 450.02. ( )
- (c) Terminals which are directly connected to e-cbot may be placed in other locations with the approval of the Board. (12/01/01)

9B.07 e-cbot Terminal Operators (a) Employees of Members - Each e-cbot terminal operator shall be identified to the Exchange by the individual member or member firm employing such terminal operator, in the manner prescribed by the Exchange, and shall be subject to the rules of the Exchange, including but not limited to the rules of this Chapter and rules relating to order handling, trade practices and disciplinary proceedings. It shall be the duty of the member or member firm to supervise the e-cbot terminal operator's compliance with Exchange rules, and any violation thereof by such terminal operator may be considered a violation by the member or member firm. Each member or member firm employing an e-cbot terminal operator shall notify the Exchange immediately, in the manner prescribed by the Exchange, whenever the terminal operator's authority to act as such has been revoked. Each member firm employing an e-cbot terminal operator must make appropriate provisions, consistent with the rules of the Exchange, for the entry of any e-cbot orders in the event that its terminal operator is, or all of its terminal operators are, unavailable to perform such function.

(b) Users and Employees of Users -- Each User and each e-cbot terminal operator employed by a User shall be identified to the Exchange by such User's Primary Clearing Member and shall be subject to the rules of the Exchange, including but not limited to the rules of this Chapter and rules relating to order handling, trade practices disciplinary proceedings. It shall be the duty of the Primary Clearing Member to supervise the compliance by such User and its e-cbot terminal operators with the Exchange rules, and any violation thereof by such User or such e-cbot terminal operator may be considered a violation by the Primary Clearing Member. A User's Primary Clearing Member shall notify the Exchange immediately when the authority of a User or an e-cbot terminal operator employed by a User to be connected to e-cbot has been revoked. (12/01/01)

9B.08 Clearing Member Authorization - Each non-clearing member or User who enters transactions through the e-cbot system for contracts which are guaranteed and cleared by the Clearing House, must obtain authorization from a single clearing member (the "Primary Clearing Member"). The Primary Clearing Member shall guarantee and assume financial responsibility for all such contracts traded through e-cbot by such non-clearing member or User. A non-clearing member or User must furnish the Exchange with written authorization from the Primary Clearing Member permitting such non-clearing member or User, without qualification, to submit trades effected through the e-cbot system through the Primary Clearing Member. The Primary Clearing Member shall be liable upon all such trades made by the non-clearing member or User and shall be a party to all disputes arising from trades between the authorized non-clearing member or User and another member, member firm or User.

A non-clearing member or User may be authorized to enter transactions through the e-cbot system by a clearing member other than its Primary Clearing Member pursuant to Rule 333.00, provided written permission has been granted by such Primary Clearing Member, and provided further that the non-clearing member or User is not authorized to enter transactions through the e-cbot system by his Primary Clearing Member or any other clearing member.

A clearing member that provides e-cbot trading authorization to a non-clearing member or User may revoke such authorization and may terminate such person's connection to e-cbot without prior notice. Written notice of the revocation of clearing authorization shall be provided to the Exchange, and shall thereby cancel all orders of the non-clearing member or User in the e-cbot system. Unless otherwise specified by the Primary Clearing Member, a member whose connection to e-cbot has been terminated shall not automatically be denied access to the Floor of the Exchange during Regular Trading Hours. A person whose Primary Clearing Member has revoked authorization shall not be connected to e-cbot until another clearing member has designated itself as that person's Primary Clearing Member.

In the case of a person who has been provided an e-cbot authorization from a clearing member other than his Primary Clearing Member, the Primary Clearing Member may terminate the person's ability to place orders through the e-cbot system by notifying the clearing member providing the authorization, who will be responsible for ensuring that such person is not able to place orders through the e-cbot system. (12/01/01)

#### 9B.09 e-cbot Opening -

- (a) Prior to the commencement of trading, orders and quotes may be entered into the e-cbot system until the time set by the Exchange.
- (b) Trading begins with the determination of an opening price for each option series and each futures contract. The Opening Period consists of the Pre-Opening period and the netting process. For the purpose of determining a particular opening price, additional orders and quotes may be entered until a time established by the Exchange; a preliminary opening price will be continuously displayed during this period (the "Pre-Opening Period"). Quotes may be individually canceled or amended during the Pre-Opening Period, but all quotes for an individual product may not collectively be changed, canceled or withdrawn from trading during this period. During the subsequent netting process, the greatest possible number of

orders and quotes contained in the system shall be matched for the purpose of determining a final opening price of each option series and futures contract. The Exchange does not guarantee the execution of any order or quote at such opening price.

The Opening Period with respect to a product shall end as soon as the netting process has been completed for all option series and/or all futures contracts based on such product.

If no market orders exist for any option series or futures contract and matching between limit orders or limit orders and quotes is not possible, the Opening Period shall end without the determination of an opening price.

- (c) Options contracts will not open until the underlying futures contract has opened. (09/01/00)

9B.10 e-cbot Orders - An e-cbot order may contain one of the following designations:

- (a) Day Open - an order which, by its terms, will be cancelled, if not executed, at the conclusion of the trading day.
- (b) Good-Till-Cancelled ("GTC") Open - an order which, by its terms, will be eligible for execution for the current and all subsequent e-cbot trade sessions until executed or cancelled.
- (c) Stop orders to buy or sell futures contracts that specify a price and are designated as "stop orders" at the time of entry. If the price specified in a stop order (the trigger price) is reached or exceeded, the stop order will be converted into a market order pursuant to an automatic selection process in the chronological order of their entry. These orders will then be executed in the order of the times of their conversions to market orders along with any other incoming market orders, in accordance with the general principles for matching of market orders for futures contracts. Stop orders will be entered into a separate order book.
- (d) Market orders - an order to buy or sell a stated quantity at the best price obtainable.
- (e) Fill-or-kill - an order which, by its terms, is cancelled if it is not filled in full immediately.
- (f) Limit order to buy or sell - an order to buy or sell a stated quantity at a specified price, or at a better price, if obtainable. (09/01/00)

9B.11 Order Entry - (a) Individual members are eligible for member transaction rates on such e-cbot orders as their membership category permits.

(b) An individual member, a User or a non-member terminal operator who is registered as a floor broker or associated person or in a comparable capacity under applicable law may (1) enter orders on behalf of customers of a clearing member or (2) supervise the entry of orders with the prior approval of the clearing member responsible to clear such orders.

(c) Customer orders must be (1) entered from a terminal located on the floor, in a main office or in a branch office, as defined in Rule 475.00, or (2) received from an automated order entry system at a server located at a main office or branch office registered with the Exchange, or (3) entered by a User.

(d) However, if an individual member does not maintain an associated person or floor broker registration, but is employed in the office or branch office of a member firm, the member may enter customer orders subject to the same restrictions that apply to a non-member employee except that a member may enter his own orders.

(e) Member firms are eligible for member transaction rates on such proprietary e-cbot orders as their membership registration permits.

(f) Non-member employees of a member firm who do not maintain an associated person or floor broker registration with the Commodity Futures Trading Commission or comparable registration under applicable law may:

- (1) Enter customer orders only on a non-discretionary basis;
- (2) Enter orders for the member firm's account from e-cbot terminals located on the trading floor only on a non-discretionary basis;
- (3) Enter orders for the proprietary account of the member firm or its wholly-owned affiliate from e-cbot

terminals located off of the trading floor on a discretionary or non-discretionary basis. However, such individuals may enter proprietary orders on a discretionary basis only if they trade solely for such proprietary accounts, and do not enter or handle customer orders; and

- (4) Not be compensated on a commission or per contract basis for customer orders; and
- (5) Not enter orders into a terminal located within a pit on the Floor. A non-member employee of a single individual member may enter orders into a terminal located within a pit solely for the account of that employing member.
- (g) Non-member employees of a member firm or User who are registered as associated persons or floor brokers may enter customer orders and orders for its proprietary account on a discretionary or non-discretionary basis.
- (h) Non-member employees of a member or member firm shall not have any interest whatsoever in an account which contains positions in contracts or products traded through e-cbot.
- (i) A non-member employee of an individual member, member firm or User may enter orders for customers of an individual or entity other than his/her employer solely for purposes of disaster recovery.
- (j) A non-member terminal operator registered as an associated person or floor broker is prohibited from entering orders into terminals located on the Floor.
- (k) It shall be the duty of each member, User or terminal operator entering orders into the e-cbot System to: (1) sign onto the e-cbot System before entering orders by inputting the e-cbot user identification and (2) input for each order, the price, quantity, commodity, contract month, CTI code and account designation, and, for options, the strike price, "put" or "call," expiration month, and whether the order initiates or closes a position.

With respect to orders received by a member, User or terminal operator which are capable of being immediately entered into the e-cbot system no record other than that set forth above need be made. However, if a member or terminal operator receives an order which cannot be immediately entered into the e-cbot system, the member or terminal operator must prepare a written order and include the account designation, date, time of receipt and other required information. The order must be entered into the e-cbot system when it becomes executable.

(04/01/02)

9B.12 Spreads/Reversals/Conversion Transactions- (See 352.01) and (See 352.01A)  
(09/01/00)

9B.13 Give-ups - Give-ups shall be handled in accordance with Regulation 444.01. (09/01/00)

9B.14 Bunched Orders - Bunched orders for discretionary accounts may be entered through e-cbot. Such orders may be entered by using a series designation rather than including each of the individual account numbers on the order. The series designation may only be used when a written, pre-determined allocation scheme that defines the series has been provided to the futures commission merchant accepting the order prior to the time that such order is given. If such information has not been provided to the futures commission merchant prior to the time of order entry, each account number must be entered into e-cbot. Bunched orders for non-discretionary accounts may be entered through e-cbot only in the following instances:

- A. The orders underlying the bunched order are either stop orders or stop/limit orders;
- B. Each stop order or stop/limit order underlying the bunched order must be reduced to writing in accordance with Regulation 465.01;
- C. Each order underlying the bunched order must reflect the same stop price in instances of a stop order or the same stop price and limit price in instances of a stop/limit order;
- D. Each terminal operator must provide a bunched order indicator when entering a bunched order; and
- E. Allocation of the executed bunched order must be based only on time of receipt of the underlying orders.

The Exchange shall make available to clearing members, at regular intervals, notifications that bunched orders have been executed through e-cbot. Each clearing member shall be responsible for providing to the Exchange the account allocation for bunched orders entered through its terminals and those terminals that it guarantees for others. Each clearing member that is required to provide account allocations to the Exchange must do so within the time limit specified by the Exchange. (09/01/00)

9B.15 Misuse of e-cbot - Misuse of the e-cbot system is strictly prohibited. It shall be deemed an act detrimental to the interest and welfare of the Exchange either willfully or negligently to engage in

unauthorized access to e-cbot, to assist in any individual's obtaining unauthorized access to an e-cbot terminal, to trade on the e-cbot system without the authorization of a clearing member, to alter the equipment associated with the system, to interfere with the operation of the system, to use or configure a component of the system in a manner which does not conform to the Technical Regulations set forth at Appendix 9B, to intercept or interfere with information provided on or through the system, or in any way to use the system in a manner contrary to the rules of the Exchange. (09/01/00)

9B.16 Trading Against Customers' Orders Prohibited '- (a) During an e-cbot trading session, a member, e-cbot terminal operator or User shall not knowingly cause to be entered, or enter into a transaction in which he (or any other person or entity with whom he has a relationship) assumes the opposite side of any order entered on behalf of a customer.

A limit order to buy and a limit order to sell and/or quotes relating to the same contract, if they are immediately executable against each other, and if they are for different account owners, may be entered consecutively by a member, e-cbot terminal operator or User subject to paragraph (b) below.

(b) Cross Trades or Trades Based on Pre-Execution Discussions:

Members, employees of member firms or Users may communicate with potential counterparties regarding interest in executing a particular transaction prior to the entry of an order on e-cbot pursuant to an understanding based on pre-execution discussions (a pre-arranged trade) if:

(1) the elapsed time between the two entries is:

- (A) at least 15 seconds in the case of options contracts, and
- (B) at least 5 seconds in the case of futures contracts; and

(2) prior to entering the order, the member, e-cbot terminal operator or User enters a cross-request into the e-cbot system.

If a member e-cbot terminal operator or user issues a cross-request (including the intended quantity), orders or quotes giving rise to the cross-trade must be entered within the following time parameters or the cross-request will expire:

- in the case of options, no less than 15 seconds but no more than 75 seconds after entry of the cross-request,
- in the case of futures contracts, no less than 5 seconds but no more than 35 seconds after the entry of the cross-request.

Pre-execution discussions within the same firm are prohibited. A member or employee of a member firm who receives an order cannot contact proprietary traders or other customers within that firm or its affiliates to negotiate interest in taking the other side of an order.

Violation of this provision shall constitute an act detrimental to the interest and welfare of the Exchange. (12/01/01)

9B.16A Trading Against Own Orders Prohibited - During an e-cbot trading session, a member or User shall not knowingly cause to be entered, or enter into, a transaction in which he assumes the opposite side of an order entered on behalf of the his own account. (12/01/01)

9B.17 Priority of Execution - Orders received by a member or e-cbot terminal operator shall be entered into the e-cbot system in the order received. Orders that cannot be immediately entered into e-cbot must be entered when the orders become executable in the sequence in which the orders were received. (12/01/01)

9B.18 Disciplinary Procedures - All suspensions, expulsions and other restrictions imposed upon a member, a terminal operator or a User by the Exchange pursuant to disciplinary procedures contained in Chapters 2 and 5 of the

Exchange's rules shall restrict with equal force and effect access to and use of the e-cbot system. (12/01/01)

9B.19 Termination of e-cbot Connection - The Exchange shall have the right summarily to terminate the connection of a member, terminal operator or User to e-cbot in accordance with Regulation 201.02, Rule 270.00, Regulation 270.01, Rule 278.00, Rule 521.00 and Regulation 540.06. Users shall be subject to the foregoing rules and regulations. (12/01/01)

9B.20 Records of Transactions Effected Through the e-cbot System - All written orders and any other original records pertaining to transactions effected through the e-cbot system must be retained for five years. Otherwise, the data contained in the e-cbot system shall be deemed the original record of the transaction. The President or his designee may require immediate proof of compliance with this provision. Violation of this provision may constitute an act detrimental to the interest and welfare of the Exchange. (09/01/00)

9B.21 e-cbot Limitation of Liability - Except in instances where there has been a finding of willful or wanton misconduct, in which case the party found to have engaged in such conduct cannot avail itself of the protections in this provision, neither the Exchange (including its subsidiaries and affiliates), the Clearing House, Ceres Trading Limited Partnership, Ceres Alliance L.L.C., CBOT/Eurex Alliance L.L.C., Eurex Zurich AG, Eurex Frankfurt AG, Deutsche Borse AG, the Swiss Stock Exchange, Deutsche Borse Systems AG, members, clearing members, or other persons acting as agents nor any of their officers, directors or employees, shall be liable for any loss, damage or cost (including attorney's fees and court costs), whether direct, indirect, special, incidental, consequential, lost profits or otherwise of any kind, regardless of whether any of them has been advised or is otherwise aware of the possibility of such damages, arising out of the use or performance of the e-cbot system, any component(s) thereof, or any fault, failure, malfunction or other alleged defect in the e-cbot system, including any inability to enter or cancel orders in the e-cbot system, or any fault in delivery, delay, omission, suspension, inaccuracy or termination, or any other cause in connection with the furnishing, performance, maintenance, use of or inability to use all or any part of the e-cbot system, including but not limited to, any failure or delay in transmission of orders or loss of orders resulting from malfunction of the e-cbot system, disruption of common carrier lines, loss of power, acts or failures to act of any third party, natural disasters or any and all other causes.

The foregoing shall apply regardless of whether a claim arises in contract, tort, negligence, strict liability or otherwise. The foregoing limitations are cumulative and shall not limit or restrict the applicability of any other limitation or any rule, regulation or bylaw of the Exchange or the Clearing House. The foregoing shall include and apply to any action or inaction of any employee or agent of the Electronic Trading Systems Control Center. The foregoing shall not limit the liability of any member, clearing member, or other person acting as agent or any of their respective officers, directors or employees for any act, incident, or occurrence within their control.

There are no express or implied warranties or representations provided by the Exchange (including its subsidiaries and affiliates), the Clearing House, Ceres Trading Limited Partnership, Ceres Alliance L.L.C., CBOT/Eurex Alliance L.L.C., Eurex Zurich AG, Eurex Frankfurt AG, Deutsche Borse AG, the Swiss Stock Exchange, Deutsche Borse Systems AG, members, clearing members, or their agents, relating to the e-cbot system or any Exchange services or facilities used to support the e-cbot system, including, but not limited to, warranties of merchantability and warranties of fitness for a particular purpose or use.

If any of the foregoing limits on the liability of the Exchange (including its subsidiaries and affiliates), the Clearing House, Ceres Trading Limited Partnership, Ceres Alliance L.L.C., CBOT/Eurex Alliance L.L.C., Eurex Zurich AG, Eurex Frankfurt AG, Deutsche Borse AG, the Swiss Stock Exchange, Deutsche Borse Systems AG, members, clearing members or other persons acting as agents or any of their officers, directors or employees should be deemed to be invalid, ineffective, or unenforceable and a third party sustains a loss, damage or cost (including attorney's fees and court costs) resulting from use of the e-cbot system, the entire liability of the Exchange (including its subsidiaries and affiliates), the Clearing House, Ceres Trading Limited Partnership, Ceres Alliance L.L.C., CBOT/Eurex Alliance L.L.C., Eurex Zurich AG, Eurex Frankfurt AG, Deutsche Borse AG, the Swiss Stock Exchange, Deutsche Borse Systems AG, members, clearing members and their agents or any of their officers, directors or employees shall not exceed the brokerage commissions and any other charges actually paid by the third party for services in connection with the e-cbot trading system.

Notwithstanding any of the foregoing provisions, this provision shall in no way limit the applicability of any provision of the Commodity Exchange Act, as amended, and Regulations thereunder. (09/01/00)

9B.22 Volatility Quotes - Any options contract and/or combination (i.e., a transaction including both



options and futures contracts), which has been approved for trading through e-cbot in accordance with Rule 9B.03, may at the discretion of the Board of Directors trade by means of quoting the implied volatility for the underlying futures contract, in addition to and simultaneous with trading the actual premium price of the option. Upon execution of a transaction in an option or combination quoted in terms of implied volatility, the quote shall be assigned a price in accordance with a standard option pricing model approved by the Board.

Implied volatility quotations for options and combinations, whether quoted in terms of implied volatility or price, shall be deemed an Exchange market quotation subject to the approval and control of the Exchange. (09/01/00)

9B.23 e-cbot Customer Information Statement - No member or clearing member shall accept an order from, or on behalf of, a customer for entry into e-cbot, unless such customer is first provided with an e-cbot Customer Information Statement in a form approved by the Exchange. (09/01/00)

9B.24 Foreign Users and Affiliates - The foreign office of a non-member foreign affiliate or foreign User may be connected directly to e-cbot for the entry of proprietary and customer orders, provided: the member firm and its non-member foreign affiliate or foreign User shall comply with all the terms and conditions set forth in Commodity Futures Trading Commission Interpretive Letter 92-11, as modified by Interpretive Letter 93-83 and any future modifications; that the member firm shall supervise and be responsible for the non-member foreign affiliate or User and shall guarantee and assume financial responsibilities for each such transaction effected through e-cbot; and, that each Rule and Regulation of the Exchange shall apply with equal force and effect to the foreign affiliate and to the User and to those transactions entered into e-cbot by the non-member foreign affiliate or non-member foreign User.

An e-cbot "Foreign Affiliate" shall be defined as a foreign affiliate entity of a member firm or an entity which is controlled by a parent entity which also controls the member firm. (12/01/01)

9B.25 Cabinet trades - Notwithstanding any other provision of these rules, cabinet trades shall not be permitted in futures options contracts on e-cbot. (09/01/00)

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Grains  
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Ch10 Trading Conditions

1004.00 Unit of Trading - On future delivery contracts calling for the delivery of commodities, delivery shall be made in the following quantities or multiples thereof:

Wheat, corn, oats and soybeans-5,000 bushels

Other commodities - Units of trading established by these Rules and Regulations

Each delivery of grain may be made up of various lots of grain of the various authorized grades situated in or for shipment from various eligible warehouses or shipping stations, provided that no lot delivered shall contain less than 5,000 bushels of any one grade in any one warehouse or shipping station. 290 (03/01/00)

1005.01A Months Traded In - Trading in wheat, corn and oats is regularly conducted in five different months - March, May, July, September and December but shall be permitted in the current delivery month plus any succeeding months. The number of months to be open at one time shall be at the discretion of the Exchange.

Trading in soybeans is regularly conducted in seven different months - January, March, May, July, August, September and November but shall be permitted in the current delivery month plus any succeeding months. The number of months to be open at one time shall be at the discretion of the Exchange.

Trading in Crude Soybean Oil and Soybean Meal is regularly conducted in eight different months - January, March, May, July, August, September, October and December but shall be permitted in the current delivery month plus any succeeding months. The number of months to be open at any one time shall be at the discretion of the Exchange. 30R (04/01/02)

1006.00 Price Basis - Future delivery contracts on grain shall be in multiples as set by the Board by Regulation. (09/01/94)

1006.01 Price Basis -

- A. Soybeans. The minimum fluctuation shall be 1/4 cent, including spreads.
- B. Corn. The minimum fluctuation shall be 1/4 cent, including spreads.
- C. Wheat. The minimum fluctuation shall be 1/4 cent, including spreads.
- D. Oats. The minimum fluctuation shall be 1/4 cent, including spreads.

Settlements are to be calculated to the nearest 1/4 cent. 1972 (09/01/94)

1007.00 Hours for Trading - Hours for trading for future delivery in grains, crude soybean oil and soybean meal shall be from 9:30 a.m. to 1:15 p.m. except that on the last day of trading in an expiring future the hours with respect to such futures shall be from 9:30 a.m. to 12 o'clock noon, subject to the provisions of the next succeeding paragraph of this Rule 1007.00.

On the last day of trading in an expiring future, a bell shall be rung at 12 o'clock noon designating the beginning of the close of the expiring future. Trading shall be permitted thereafter for a period not to exceed one minute and quotations made during this time shall constitute the close. The above time constraints do not apply to options contracts which close by public call.

The hours may be shortened or the Exchange may be closed on any day or days pursuant to

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Regulation adopted by the Board.

Hours for trading for future delivery in other commodities shall be fixed by Regulation adopted by the Board.

No such trading shall take place except in the Exchange Hall or on Exchange facilities including an approved automated order entry facility during such hours as the Board shall designate. The Association shall conform to Chicago time. 252 (04/01/97)

1007.01 The Opening and Closing of Oats Trading - Trading for future delivery in Oats shall be opened and closed with a public call made month by month, conducted by such persons as the Regulatory Compliance Committee shall direct. 1975 (08/01/96)

1007.02 Modified Closing Call - Immediately following the prescribed closing procedure for all contracts, there shall be a two (2) minute trading period (the "modified closing call"). All trades which may occur during regularly prescribed trading hours may occur during the call at prices within the lesser of the actual closing range or a range of three (3) official trading increments, i.e., one (1) increment above and below the settlement price; at prices within the lesser of the actual closing range or a range of five (5) official trading increments, i.e., two (2) increments above and below the settlement price; or at prices within the lesser of the actual closing range or a range of nine (9) official trading increments, i.e., four (4) increments above and below the settlement price, as the Regulatory Compliance Committee shall prescribe; (ii) no new customer orders may be entered into the call; (iii) cancellations may be entered into the call; (iv) stop, limit and other resting orders elected by prices during the close may be executed during the call; (v) individual members may trade as a principal and/or agent during the call; (vi) individual members may enter orders for their own accounts into the call; and (vii) member firms, and those entities which are wholly-owned by member firms or that wholly-own member firms, trading for such firms' or entities' own proprietary accounts may initiate trades or enter orders into the call. The proposed settlement price shall be the midpoint of the closing range unless extenuating circumstances exist under which the pit committee can justify setting the proposed settlement price at a price different from the midpoint. If the proposed settlement price differs from the midpoint of the closing range, then the pit committees are required to document the basis for the deviation. Such documentation must be signed by two members of the pit committee.

In accordance with the determination of the Regulatory Compliance Committee, CBOT contracts shall be traded during the Modified Closing Call as follows:

Lesser of actual closing range or three trading increments	Lesser of actual closing range or nine trading increments
	Corn Futures and Options
	Wheat Futures and Options
	Soybean Futures and Options
	Soybean Oil Futures and Options
U.S. Treasury Bond Futures and Options	Soybean Meal Futures and Options
Five Year Note Futures and Options	Oat Futures and Options
Two Year Note Futures	Rough Rice Futures and Options
Municipal Note Index Futures	
Thirty Day Fed Fund Futures	CBOT Dow Jones Industrial Average/SM/ Index Futures and Options
	CBOT X-Fund Futures

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 Lesser of actual closing range or  
 five trading increments  
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Ten Year Note Futures and Options  
 Long Term Agency Note Futures and  
 Options  
 Medium Term Agency Note Futures and  
 Options  
 10-Year Interest Rate Swap Futures  
 and Options  
 5-Year Interest Rate Swap Futures  
 and Options  
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(01/01/03)

1008.01 Trading Limits -

A. Limits. Trading is prohibited during any Trading Day (as defined in Regulation 906.04) in futures contracts of commodities traded on this Exchange at a price or yield higher or lower than either:

1. The settlement price or yield for such commodity on the previous business day, or
2. The average of the opening range or the first trade during the first day of trading in a futures contract, or
3. The price or yield established by the Exchange in an inactive future, plus or minus the following sums with respect to such commodities:

Corn	\$ .20 per bushel - \$1,000
Oats	\$ .20 per bushel - \$1,000
Rough Rice	\$ .50 per hundredweight - \$1,000
Soybeans	\$ .50 per bushel - \$2,500
Soybean Meal	\$20 per unit of trading - \$2,000
Soybean Oil (Crude)	\$ .02 per unit of trading - \$1,200
Wheat	\$ .30 per bushel - \$1,500

B. Current Month Exclusions. Limits shall not apply to trading in current month contracts on and after the second business day prior to the first day of the current month.

Notwithstanding the foregoing, limits shall remain in effect for purposes of trading agricultural contracts on e-cbot.

The provisions of Paragraph B do not apply to CBOT(R) Dow Jones(SM) Index futures, which will be governed solely by Paragraph D.

C. Limit Bid; Limit Sellers Definitions. The terms "close on the limit bid" or "close on the limit sellers" are defined as follows:

Limit Bid. Restricted to a situation in which the market closes at an upward price limit on an unfilled bid. When a close is reported as a range of different prices, the last price quoted must be limit bid.

Limit Sellers. Restricted to a situation in which the market closes at a downward price limit on an unfilled offer. When a close is reported as a range of different prices, the last price quoted must be a limit ask.

D. Daily Price Limits and Trading Halts for CBOT(R) Dow Jones Industrial, and mini-sized Dow(SM) Index Futures. Daily price limits and trading halts of the CBOT(R) Dow Jones Industrial Average(SM) Index and CBOT(R) mini-sized Dow(SM) Index Futures contracts shall be coordinated with trading halts of the underlying stocks listed for trading in the primary securities market.

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For purposes of this regulation, the primary futures contract shall be defined as the futures contract trading in the lead month configuration in the pit, or for those contracts only listed electronically, on the electronic trading system (ETS), and the Executive Committee or its designee shall have the responsibility of determining whether the primary futures contract is limit bid or offered.

For the first day of trading in a newly listed contract, there will be an implied previous business day's settlement price, created by the Exchange for the sole purpose of establishing price limits. The implied settlement price will be created by extrapolating the annualized percentage carry between the two contract months immediately prior to the newly listed contract.

Price Limits: There shall be three successive price limits for each index, Level 1, Level 2, and Level 3, below the settlement price of the preceding regular trading session. Levels 1, 2, and 3 shall be calculated at the beginning of each calendar quarter, using the average daily closing value of each index for the calendar month prior to the beginning of the quarter. Level 1 shall be 10% of such average closing value calculation; Level 2 shall be 20% of such average closing value calculation; Level 3 shall be 30% of such average closing value calculation. For the Dow Jones Industrial Average/sm/, each Level shall be rounded to the nearest fifty points. The values of Levels 1, 2 and 3 shall remain in effect until the next calculation.

Price Limits and Trading Halts When the U.S. Primary Securities Market is Open for Regular Trading Hours: The following price limits and trading halts shall apply when the primary securities market in the United States underlying the DJIAsm is open for regular trading hours.

(a) Level 1:

Except as provided below, the Level 1 price limit shall be in effect until a trading halt has been declared in the primary securities market, trading in the primary securities market has resumed, and fifty percent (50%) of the stocks underlying the DJIA/SM/ Index (selected according to capitalization weights) have reopened. The Level 2 price limit shall apply to such reopening.

Until 1:00 p.m. Chicago time (2:00 p.m. Eastern time), the trading halt shall be a one-hour trading halt. Between 1:00 p.m. and 1:30 p.m. Chicago time (2:00 p.m. and 2:30 p.m. Eastern time), the trading halt shall be a one-half hour trading halt.

The Level 1 price limit shall not apply after 1:30 p.m. Chicago time (2:30 p.m. Eastern time). If the futures contract is limit offered at the Level 1 price limit and a trading halt has not been declared in the primary securities market, the Level 1 price limit shall be lifted and the Level 2 price limit shall apply thereafter.

(b) Level 2:

Except as provided below, the Level 2 price limit shall be in effect until a trading halt has been declared in the primary securities market, trading in the primary securities market has resumed, and fifty percent (50%) of the stocks underlying the DJIASM Index (selected according to capitalization weights) have reopened. The Level 3 price limit shall apply to such reopening.

Until 12:00 noon Chicago time (1:00 p.m. Eastern time), the trading halt shall be a two-hour trading halt. Between 12:00 noon and 1:00 p.m. Chicago time (1:00 p.m. and 2:00 p.m. Eastern time), the trading halt shall be a one-hour trading halt. After 1:00 p.m. Chicago time (2:00 p.m. Eastern time), the trading halt declared in the primary securities market will remain in place for the rest of the primary securities market trading day.

(c) Level 3:

The Level 3 price limit shall be in effect during the entire regular daytime trading session.

Trading Halts: If the primary futures contract for the DJIA/sm/ is limit offered at either the Level 1 or Level 2 price limit as described above and there is a trading halt declared in the primary securities market, trading shall be halted for all Dow Jones/sm/ Index futures contracts that have reached their respective price limits. In the event that trading in the primary securities market resumes after a trading halt, trading in each of the Dow Jones/SM/ Index futures contracts (that have halted) shall resume only after fifty percent (50%) of the stocks underlying the DJIA/SM/ Index (selected according to capitalization weights) have reopened. The next applicable price limit enumerated

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above shall apply to the reopening indexes and to those indexes that had not reached their previous respective price limits during the period of the halt.

If after 1:00 p.m. Chicago time (2:00 p.m. Eastern time), the primary futures contract for the DJIAsm is limit offered at the Level 2 price limit, or if the primary futures contract for the DJIAsm is limit offered at the Level 3 price limit at any time during the trading day, and the primary securities market declares a trading halt for the rest of its trading day, the Exchange will also declare a trading halt for the rest of its trading day for all Dow Jones Index futures contracts that have reached their respective price limits.

If the primary futures contract for the DJIAsm trades at the Level 1, 2, or 3 price limits described above during that portion of the e-cbot trading session when the primary securities market is open for regular trading hours, trading will be halted for all Dow Jones Index futures contracts that have reached their respective price limits. In the event that e-cbot trades occur through the price limits described above, any such trades may be busted with the approval of the Exchange.

Price Limits When the U.S. Primary Securities Market is Not Open for Regular Trading Hours: When the primary securities market is not open for regular trading hours, there shall be a price limit of 10% of the average daily closing value of the index for the calendar month prior to the beginning of the quarter. The value of this limit shall remain in effect until the next calculation. This price limit shall apply above or below the previous trading day's settlement price. (07/01/02)

1008.01A Trading Limits - The Crude Soybean Oil and Soybean Meal Committee has been asked to interpret the following sentence:

"These provisions (trading limits) shall not apply to trading in the current month on or after the first notice day thereof."

The question that arises is whether this means the first business day of the delivery month or the first notice day of the contract which would be the last business day of the previous month.

The Committee is of the opinion that it is the intention of the Regulations that the meaning of the sentence includes the first notice day which is the last business day of the month preceding the delivery month. 36R (09/01/94)

1008.02 Trading Limit Corrections - Daily trading limits determined pursuant to Regulation 1008.01A (1) may be corrected as specified in this regulation only in cases where the applicable settlement price is related to an erroneous closing price quotation.

Such a correction may be made:

- - only to the level which would have been specified had the error not occurred; and
- - only if the error is identified prior to the next day's opening of trading.

Such a correction may be adopted by approvals of the relevant Pit Committee Chairman, or the Pit Committee Vice Chairman in the absence of the Pit Committee Chairman, and the Chairman or Vice Chairman of the Regulatory Compliance Committee within 15 minutes after the closing of the applicable futures contract or within 30 minutes after the closing of the applicable futures option contract. Thereafter, such a correction may be adopted by approval of the Regulatory Compliance Committee.

No such correction may be made after the next day's opening of trading. (09/01/94)

1009.01 Last Day of Trading of Delivery Month - Wheat and Oats - No trades in wheat or oat futures deliverable in the current month shall be made after the business day preceding the 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 seventh business day following the last trading day.
- (b) Liquidated by means for a bona fide exchange of futures for the actual cash commodity, or, in the case of wheat and oats, an over-the-counter transaction, no later than the sixth business day following the last trading day. (01/01/03)

1009.02 Last Day of Trading of Delivery Month-Corn and Soybeans - No trades in corn and



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soybean futures deliverable in the current month shall be made after the business day preceding the 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 the actual cash commodity, no later than the business day following the last trading day. 1832a (03/01/00)

1010.01 Margins on Futures - (See 431.03) (09/01/94)

1012.01 Position Limits - (See 425.01) (09/01/94)

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1035.00 Scope of Chapter - Commodities bought or sold for future delivery under Exchange contracts shall be delivered and accepted in accordance with the provisions of this Chapter. Any Regulation or Ruling which is inconsistent with the requirements or procedures set forth in this Chapter 10 is hereby superseded by the Chapter to the extent of such inconsistency. 280 (09/01/94)

1036.00 Grade Differentials - Unless otherwise specified, contracts for the sale of wheat, corn, soybeans and oats shall be deemed to call for "contract" wheat, corn, soybeans and oats respectively. Upon such contracts, sellers, at their option, may deliver all or part of the following grades at the following price differentials, provided that lots of grain of any one grade must conform to the minimum lot requirements of Rule 1004.00:

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WHEAT GRADE DIFFERENTIALS  
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At 3c Premium	At Contract Price
No. 1 Soft Red Winter	No. 2 Soft Red Winter
No. 1 Hard Red Winter	No. 2 Hard Red Winter
No. 1 Dark Northern Spring	No. 2 Dark Northern Spring
No. 1 Northern Spring	No. 2 Northern Spring

Wheat which contains moisture in excess of 13.5% is not deliverable.

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CORN DIFFERENTIALS  
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No. 1 Yellow Corn (maximum 15% moisture)	at 1 1/2 cents per bushel over contract price.
No. 2 Yellow Corn (maximum 15% moisture)	at contract price.
No. 3 Yellow Corn (maximum 15% moisture)	at 1 1/2 cents per bushel under contract price.

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SOYBEAN GRADE DIFFERENTIALS  
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U.S. No. 1 Yellow Soybeans (maximum 13% moisture)	at 6 cents per bushel over contract price.
U.S. No. 2 Yellow Soybeans (maximum 14% moisture)	at contract price.
*U.S. No. 3 Yellow Soybeans (maximum 14% moisture)	at 6 cents per bushel under contract price.

\* All factors equal to U.S. No. 2 grade or better (including test weight; splits; heat damage; brown, black and/or bicolored soybeans in yellow soybeans) except foreign material (maximum 3%).

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OATS GRADE DIFFERENTIALS  
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No. 1 Extra Heavy Oats	At 7 cents per bushel over contract price.
No. 2 Extra Heavy Oats	At 4 cents per bushel over contract price.
No. 1 Heavy Oats	At 3 cents per bushel over contract price.
No. 2 Heavy Oats	At contract price.
No. 1 Oats	At contract price.

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No. 2 Oats (36 Ib. minimum test weight)	At 3 cents per bushel under contract price.
No. 2 Oats (34 Ib. minimum test weight)	At 6 cents per bushel under contract price.

Bright Oats shall carry no additional premium or discount. Oats with more than 14% moisture are not deliverable. (03/01/00)

1036.00A Test Weight Designation for Oats - The Rules Committee has determined that, in the future, warehouse receipts of No. 2 Oats should carry the test weight designation on the face of the receipt. In connection with warehouse receipts currently outstanding which do not contain any such designation, it was determined that unless the designation "36 Ib. minimum test weight" appears on the face of the receipt, that the grade is considered to be 34 Ib. minimum test weight (6 cents per bushel under contract price). In consideration of any holder of outstanding Oat receipts that for some reason are "36 Ib. minimum test weight" and the receipt fails to reflect such, the holder can contact the Registrar's Office for updating the receipt. (09/01/94)

1036.00C Soybean Differentials - The Board has determined that in accordance with Rule 1036.00, No. 1 Yellow Soybeans which contain moisture in excess of 13% but not more than 14% are deliverable at par. (09/01/94)

1036.01 Location Differentials - Unless otherwise specified, contracts for the sale of wheat, corn, soybeans and oats shall be deemed to call for "contract" wheat, corn, soybeans and oats respectively. Upon such contracts, sellers, at their option, may deliver all or part at the following locations at the following price differentials, subject to the differentials for grade outlined in Rule 1036.00, provided that lots of grain of any one grade must conform to the minimum lot requirements of Rule 1004.00:

WHEAT LOCATION DIFFERENTIALS

In accordance with the provisions of Rule 1041.00C, wheat in regular warehouses located within the Chicago Switching District, the Burns Harbor, Indiana Switching District or the Toledo, Ohio Switching District may be delivered in satisfaction of Wheat futures contracts at contract price, subject to the differentials for class and grade outlined above. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat in regular warehouses located within the St. Louis-East St. Louis and Alton Switching districts may be delivered in satisfaction of Wheat futures contracts at a premium of 10 cents per bushel over contract price, subject to the differentials for class and grade outlined above.

CORN LOCATION DIFFERENTIALS

(See Regulation 10C36.01-Location Differentials for Corn futures contracts.)

SOYBEAN LOCATION DIFFERENTIALS

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(See Regulation 10S36.01-Location Differentials for Soybean futures contracts.)

OATS LOCATION DIFFERENTIALS

In accordance with the provisions of Rule 1041.00B, oats in regular warehouses located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, the Minneapolis, Minnesota Switching District, or the St. Paul, Minnesota Switching District may be delivered in satisfaction of Oats futures contracts at contract price, subject to the differentials for class and grade outlined above. (06/01/02)

1038.00 Grades - A contract for the sale of commodities for future delivery shall be performed on the basis of the grades officially promulgated by the Secretary of Agriculture as conforming to United States Standards at the time of making the contract. If no such United States grades shall have been officially promulgated, then such contract shall be performed on the basis of the grades established by the Department of Agriculture of the State of Illinois, or the standards established by the Rules and Regulations of the Association in force at the time of making the contract. 293 (09/01/94)

1038.01 United States Origin Only - Effective September 1, 1992, a futures contract for the sale of corn, soybeans or wheat shall be performed on the basis of United States origin only upon written request by a taker of delivery at the time loading orders are submitted. (09/01/94)

1038.02 Deoxynivalenol (Vomitoxin) Limit in Wheat - Effective September 1, 1999, a taker of delivery of wheat shall have the option to request in writing load-out of wheat which contains no more than 5 (five) parts per million of deoxynivalenol (vomitoxin). At the taker's expense, a determination of the level of vomitoxin shall be made at the point of load-out by the Federal Grain Inspection Service or by a third party inspection service which is mutually agreeable to the maker and taker of delivery. (12/01/98)

1041.00 Delivery Points -

A. Corn.

See Rule 10C41.00-Delivery Points for Corn futures contracts.

B. Oats. Oats in regular warehouses located within the Chicago Switching District, the Burns Harbor, Indiana Switching District or the Minneapolis, Minnesota or St. Paul, Minnesota Switching Districts may be delivered in satisfaction of oats futures contracts.

C. Wheat. Wheat in regular warehouses located within the Chicago Switching District, the Burns Harbor, Indiana Switching District or the Toledo, Ohio Switching District may be delivered in satisfaction of wheat futures contracts. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat in regular warehouses located within the St. Louis-East St. Louis and Alton Switching Districts may be delivered in satisfaction of Wheat futures.

D. Soybeans.

See Rule 10S41.00-Delivery Points for Soybean futures contracts.  
(06/01/02)

1041.01 Burns Harbor, Indiana Switching District - When used in these Rules and Regulations, the Burns Harbor, Indiana Switching District will be that area geographically defined by the boundaries of Burns Waterway Harbor at Burns Harbor, Indiana which is owned and operated by the Indiana Port Commission.  
(09/01/94)

1042.00 Delivery of Commodities by Warehouse Receipts - Except as otherwise provided,

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delivery of commodities shall be made by the delivery of registered warehouse receipts issued by warehousemen against stocks in warehouses which have been declared regular by the Regulatory Compliance Committee. The Regulatory Compliance Committee by Regulation may prescribe the conditions upon which warehouses and warehousemen may become regular except that in the case of federally licensed warehouses and warehousemen, the Regulatory Compliance Committee may impose only such reasonable requirements as to location, accessibility and suitability as may be imposed on other regular warehouses and warehousemen.

The Regulatory Compliance Committee by Regulation may prescribe conditions not inconsistent with the provisions of this Chapter upon which warehouse receipts issued by regular warehouses shall be deliverable. 281 (02/01/99)

1042.01 Registration of Grain Warehouse Receipts - In order to be valid for delivery against futures contracts, grain warehouse receipts must be registered with the official Registrar and in accordance with the requirements issued by the Registrar. Registration of Wheat and Oat warehouse receipts shall also be subject to the following requirements:

1. Warehousemen who are regular for delivery may register warehouse receipts at any time. If the warehouseman determines not to tender the warehouse receipt by 4:00 p.m. on the day it is registered, the warehouseman shall declare the receipt has been withdrawn but is to remain registered by transmitting to the Registrar the warehouse receipt number and the name and location of the warehouse facility. The holder of a registered receipt may cancel its registration at any time. A receipt which has been canceled may not be registered again.
2. Except in the case of delivery on the last delivery day of a delivery month, in which case the warehouse receipt must be registered before 1:00 p.m. on the last delivery day of the delivery month, the grain warehouse receipt must be registered before 4:00 p.m. on notice day, the business day prior to the day of delivery. If notice day is the last business day of a week, grain warehouse receipts must be registered before 3:00 p.m. on that day.
3. From his own records, the Registrar shall maintain a current record of the number of receipts that are registered and shall be responsible for posting this record on the Exchange Floor and the CBOT website. The record shall not include any receipts that have been declared withdrawn.
4. When a warehouseman regains control of his own registered receipt, the warehouseman shall by 4:00 p.m. of that business day either cancel the registration of said receipt or declare that said receipt is withdrawn but is to remain registered by transmitting to the Registrar the receipt number and the name and location of the warehouse facility, except in the case where a notice of intention to redeliver said receipt for the warehouseman has been tendered to the Clearing House by 4:00 p.m. of the day that the warehouseman regained control of said receipt. (11/01/02)

1043.01 Delivery of Corn and Soybeans by Shipping Certificates - Deliveries of Corn and Soybeans shall be made by delivery of Shipping Certificates issued by Shippers designated by the Exchange as regular to issue Shipping Certificates for Corn and Soybeans using the electronic fields which the Board of Trade Clearing Corporation requires to be completed. In order to effect a valid delivery each Shipping certificate must be endorsed by the holder making the delivery, and transfer as specified above constitutes endorsement. Such endorsement shall constitute a warranty of the genuineness of the Certificate and of good title thereto, but shall not constitute a guaranty, by an endorser, of performance by the issuer of the Certificate. Such endorsement shall also constitute a representation that all premium charges have been paid on the commodity covered by the certificate, in accordance with Regulation C1056.01 or Regulation S1056.10, as applicable. (05/01/01)

1043.02 Registration of Corn and Soybean Shipping Certificates - Corn and Soybean Shipping Certificates in order to be eligible for delivery must be registered with the Official Registrar and in accordance with the requirements issued by the Registrar. Registration of Corn and Soybean Shipping Certificates shall also be subject to the following requirements:

- (a) Shippers who are regular for delivery may register certificates at any time. If the shipper determines not to tender the shipping certificate by 4:00 p.m. on the day it is registered, the shipper shall declare the certificate is withdrawn but is to remain registered by transmitting to the Registrar the certificate number and the name and location of the shipping plant. The holder of a registered certificate may cancel its registration at any time. A certificate which has been canceled may not be registered again.
- (b) No notice of intention to deliver a certificate shall be tendered to the Clearing House unless said certificate is registered and in possession of the Clearing House member tendering the notice or unless a shipping certificate is registered and outstanding. When a notice of intention to deliver a certificate has been tendered to the Clearing House, said certificate shall be considered to be "outstanding" until its registration is cancelled.
- (c) From his own records, the Registrar shall maintain a current record of the number of certificates that are registered and shall be responsible for posting this record on the Exchange Floor and the CBOT web site. The record

shall not include any shipping certificates that have been declared withdrawn.

- (d) When a registered shipper regains control of a registered certificate calling for shipment from one of his shipping stations, which in any manner relieves him of the obligation to ship corn or soybeans upon demand of a party other than himself, the shipper shall by 4:00 p.m. of that business day either cancel the registration of said certificate or declare that said certificate is withdrawn but is to remain registered by transmitting to the Registrar the certificate number and the name and location of the shipping plant, except in the case where a notice of intention to redeliver said certificate for the shipper has been tendered to the Clearing House by 4:00 p.m. of the day that the shipper regained control of said certificate.
- (e) The Registrar shall not divulge any information concerning the registration, delivery or cancellation of certificates other than the record posted on the Exchange Floor and the CBOT website, except that he shall issue a weekly report showing the total number of certificates registered as of 4:00 P.M. on the last trading day of each week. In addition to the information posted on the Exchange Floor and the CBOT website, this weekly report will show the names of shippers whose certificates are registered and the location of the shipping stations involved. This report shall not include any shipping certificates that have been declared withdrawn. (11/01/02)

1044.01 Certificate Format - The electronic fields which the Board of Trade Clearing corporation requires to be completed shall indicate the registration number and date, shipping station, commodity, quantity, grade and class, and premium charge.

The electronic shipping certificate obligates the shipper, for value received and receipt of the certificate properly endorsed, and subject to a lien for payment of premium charges, to deliver the specified quantity of the relevant commodity conforming to the standards of the Exchange, and to ship the commodity in accordance with orders of the lawful owner of the certificate and in accordance with the Rules and Regulations of the Exchange. Delivery shall be by water or rail conveyance according to the Registered loading capability of the shipper.

Delivery of the electronic shipping certificate to the issuer by the owner of the certificate, for the purpose of shipment of the commodity, is conditioned upon loading of the commodity in accordance with the Rules and Regulations of the Exchange, and a lien is claimed until all loadings are complete and proper shipping documents presented accompanying demand draft for freight and premium charges due which the owner of the certificate agrees to honor upon presentation. (05/01/01)

1045.01 Lost or Destroyed Negotiable Warehouse Receipts Shipping Certificate

- (a) Unless a federal or state law prescribes different procedures to be followed in the case of lost or destroyed warehouse receipts or shipping certificates, the following procedures shall be followed. A replacement receipt/certificate may be issued upon compliance with the conditions set forth in paragraph (b) of this Regulation. Such replacement receipt/certificate must be issued upon the same terms, must be subject to the same conditions, and must bear on its face the number and the date of the receipt/certificate in lieu of which it is issued. It must also contain a plain and conspicuous statement that it is a replacement receipt/certificate issued in lieu of a lost or destroyed receipt/certificate.
- (b) Before issuing such replacement receipt/certificate, the warehouseman/shipper may require the person requesting the receipt/certificate to make and file with the warehouseman/shipper: (1) an affidavit stating that the requestor is the lawful owner of the original receipt/certificate, that the requestor has not negotiated, sold, assigned or encumbered it, how the original receipt/certificate was lost or destroyed, and if lost, that diligent effort has been made to find the receipt/certificate without success, and (2) a bond in an amount double the value, at the time the bond is given, of the commodity represented by the lost or destroyed receipt/certificate.

Such bond shall indemnify the warehouseman/shipper against any loss sustained by reason of the issuance of such replacement receipt/certificate. The bond shall have as surety thereon a surety company which is authorized to do business, and is subject to service of process in a suit on the bond, in the state in which the warehouse/shipping station, as named on the warehouse receipt/certificate, is located, or at least two individuals who are residents of such state, and each of whom owns real property in that state having a value, in excess of all exemptions and encumbrances, equal to the amount of the bond.

In the alternative, upon the approval of the U.S. Department of Agriculture where applicable, or otherwise upon the approval of the Exchange, a warehouseman/shipper may issue a replacement receipt/certificate upon the execution of an agreement by the requestor to indemnify the warehouseman/shipper against any loss sustained by reason of the issuance of

such replacement receipt/certificate, in a form acceptable to the warehouseman/shipper. (04/01/00)

1046.00 Date of Delivery - Where any commodity is sold for delivery in a specified month, delivery of such commodity may be made by the seller upon such business day of the specified month as the seller may select and, if not previously delivered, delivery must be made upon the last business day of the specified month; provided, however, that the Exchange may, by Regulation pertaining to a particular commodity, prescribe specific days or dates within such specified month on which delivery of such commodity may or may not be made. 284 (09/01/94)

1046.00A Location for Buying or Selling Delivery Instruments - In order to facilitate liquidation of outstanding contracts during the final seven business days of a delivery month (Regulation 1009.03) floor brokers, locals and clearing or non-clearing members who need warehouse receipts or shipping certificates in order to make delivery or who anticipate receiving warehouse receipts or shipping certificates on delivery and wish to dispose of them may meet at 2:00 p.m. on the last day of trading in an expiring future at the cash grain table between the corn and soybean pits to make arrangements for the acquisition or disposition of such receipts or certificates.

All actual deliveries against outstanding futures positions must, in any event, be made by sellers through the Clearing House and will be received by buyers through the Clearing House. 34R (09/01/94)

1047.01 Delivery Notices - A seller obligated or desiring to make delivery of a commodity shall issue and deliver to the Clearing House a delivery notice containing the name and business address of the issuer; the date of issue; the date of delivery; the name of the commodity; the total contracted quantity in satisfaction of which the delivery is being tendered and such other information as the Regulatory Compliance Committee shall direct in regard to any particular commodity.

A delivery notice shall be furnished to the Clearing House in computer readable form. The Clearing House, acting as agent for the seller, shall provide the notice to the buyer.

The seller or its agent shall reduce the notice to written form and retain a copy of the notice for the period of time required by the Commodity Futures Commission.

Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish to each issuer the names of the buyers obligated to accept delivery from him for each commodity for which a notice was tendered and shall also inform the issuer of the number of contracts for which each buyer is obligated. Failure of the seller to object to such assignment by 7:00 a.m. on intention day shall establish an irrebuttable presumption that the issuance of the delivery notice was authorized by the person in whose name the notice was issued. (09/01/94)

1048.01 Method of Delivery - Delivery notices must be delivered to the Clearing House which shall assign the deliveries to clearing members (buyers) having contracts to take delivery of the same amounts of the same commodities. The Clearing House shall notify such clearing members of the deliveries which have been assigned to them and shall furnish to issuers of delivery notices the names of clearing members obligated to accept their deliveries. Clearing Members receiving delivery notices shall assign delivery to the oldest open contracts on their books at the close of business on the previous day (position day). 286 (09/01/94)

1049.00 Time of Delivery, Payment, Form of Delivery Notice - The requirements of the form of delivery notice, time of delivery, and payment shall be fixed by the Regulatory Compliance Committee. 287 (09/01/94)

1049.01 Time of Issuance of Delivery Notice - Unless a different time is prescribed by Regulation pertaining to a particular commodity, delivery notices must be delivered to the Clearing House by 4:00 p.m., or by such other time designated by the Board of Directors, on position day except that, on the last notice day of the delivery month, delivery notices may be delivered to the Clearing House until 2:00 p.m., or by such other time designated by the Board of Directors, on intention day. The Clearing House shall, on the same day, assign the deliveries to eligible buyers as provided in Regulation 1048.01 and shall issue to each such buyer a delivery assignment notice describing the delivery which has been assigned to him. (12/01/99)



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1049.01B Interpretation: Sellers' Obligation for Storage Charges - The Directors have issued the following interpretation of Rule 1042.00, Rule 1041.00, and Regulation 1049.01 in connection with the time the responsibility for storage charges changes from seller to buyer.

The responsibility for storage charges shall remain the obligation of the seller until such time as the warehouse receipts or weight certificates are presented to the buyer and payment is made therefore in conformity with the Regulations concerning payment. (09/01/94)

1049.02 Buyers' Report of Eligibility to Receive Delivery - Prior to 8:00 p.m., or by such other time designated by the Board of Directors, of each day on which delivery notices may be delivered to the Clearing House, each clearing member shall report to the Clearing House, at such times and in such manner as shall be prescribed by the Clearing House, the amounts of its purchases of the various commodities then eligible for delivery which remain open on its books in accordance with law and with the Rules and Regulations of the Association. Such reports shall show the dates on which such purchases were made, and shall exclude purchases to which the clearing member has applied deliveries assigned to it but which remain open on its books pending receipt of delivery. With respect to omnibus accounts, the reports described above shall show the dates on which such purchases were made, as reflected on the ultimate customers' account statements. (12/01/99)

1049.03 Sellers' Invoices to Buyers - Upon receipt of the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer, the seller shall prepare invoices addressed to its assigned buyers describing the documents to be delivered to each such buyer and, in the case of deliveries under Rule 1041.00, the information required in said Rule. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House for that purpose adjusted for applicable premiums, discounts, storage charges, premium charges, premium for FOB conveyance, quantity variations and other items for which provision is made in these Rules and Regulations relating to contracts, and shall be in the form set forth hereunder unless a different form is prescribed by Regulation pertaining to a particular commodity. Such invoices shall be delivered to the Clearing House by 10:00 a.m. for those commodities utilizing the electronic delivery system via the Clearing House's on-line system or 4:00 p.m. for other commodities, or by such other time designated by the Board of Directors, on the day of intention except on the last notice day in the delivery month when a skeleton notice has been delivered to the Clearing House, in which case invoices for said delivery may be delivered to the Clearing House until 10:00 a.m. on the last delivery day of the delivery month. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed, by placing them in buyers' mail boxes provided for that purpose in the Clearing House, except that invoices for all commodities utilizing the electronic delivery system shall be made available to buyers via the Clearing House's on-line system.

Financial instruments futures contracts will follow the invoicing procedure that is prescribed in the respective contract's invoicing regulation. Delivery invoicing forms for financial instruments futures contracts shall be restricted to that form which the Board of Trade Clearing Corporation specifically provides.

DELIVERY INVOICE  
Office Of

No. \_\_\_\_\_

For delivery on \_\_\_\_\_  
(Date)

against C. H. Assignment Notice No. \_\_\_\_\_

To \_\_\_\_\_  
(Buyer's code number and name)

For the delivery of \_\_\_\_\_  
(Net quantity, per list total below)

of \_\_\_\_\_  
(Grade, class, commodity)

In, ordered to, or to be shipped from \_\_\_\_\_  
(Warehouse, delivery or shipping point)

As evidenced by the documents listed below:

At the established delivery price of \_\_\_\_\_ per \_\_\_\_\_ \$ \_\_\_\_\_  
Premium or discount on grade \_\_\_\_\_  
Storage and insurance, or premium, for a total of \_\_\_\_\_ days \_\_\_\_\_  
Other charges or credits \_\_\_\_\_  
TOTAL AMOUNT DUE-THIS INVOICE \$ \_\_\_\_\_

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Whse.Receipt or certificate			Prem-Disc. on Grade		Adjustment for Stge-lns-Prem.				Other charges or credits	
Date	Number	Net Quantity	Rate	Amount	Pd.thru	Days	Rate	Amount	Dr Cr.	Amount & Description

1638 (10/01/01)

1049.04 Transfer Obligations - Payment is to be made in same day funds 1) by a check drawn on and certified by a Chicago bank or 2) by a Cashier's check issued by a Chicago bank. The long clearing member may effect payment by wire transfer only if this method of payment is acceptable to the short clearing member. Unless a different time is prescribed by Regulation pertaining to a particular commodity, buyers obligated to accept delivery must take delivery and make payment and sellers obligated to make delivery must make delivery before 1:00 p.m. of the day of delivery, except on banking holidays when delivery must be taken or made and payment made before 9:30 a.m. 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 according with its By-Laws and Resolutions. 1639 (05/01/97)

1050.00 Duties of Members - Members shall deliver warehouse receipts, bills of lading, shipping certificates or demand certificates tendered for delivery pursuant to the Rules and Regulations of the Association and in accordance with the assignment thereof to eligible buyers by the Clearing House, and shall make no other disposition thereof. A member who alters or makes a false endorsement on a notice of assignment of delivery issued by the Clearing House under Rule 1048.00, for the purpose of avoiding acceptance of the delivery specified, therein, should be deemed guilty of an act detrimental to the Welfare of the Association. 288 (09/01/94)

1051.01 Office Deliveries Prohibited - No office deliveries of warehouse receipts or shipping certificates may be made by members of the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it receives from its customers who are short. 1870 (03/01/00)

1052.00 Delivery of Grain in Cars (Chicago only) - Regular deliveries of contract grades of grain on contracts for future delivery may be made in cars on track during the last three business days in the delivery month subject to the following:

- (a) Cars must be within the Chicago District, in a railroad yard where samples are taken by an official grain inspection agency approved by the U.S.D.A.
- (b) Cars must be consigned or ordered to a regular warehouse.
- (c) Delivery shall not be complete until the grain is unloaded and warehouse receipts or weight certificates are issued therefor unless the buyer elects otherwise. During this time, title to the grain remains in the seller, the purchase price is not payable, and the seller remains liable for any change in grade. The buyer, however, may elect and order the cars unloaded at any other place where they will be weighed provided the buyer makes payment in advance. In making such election and paying in advance the buyer assumes title and all responsibility for any change in grade occurring after the original inspection as provided in subsection (d) of this Rule and for any and all charges occasioned by such election of the buyer.
- (d) Grain delivered in cars on track in settlement of futures contracts must be inspected during the last four delivery days of the delivery month by an official grain inspection agency approved by the U.S.D.A. In the event another grade determination is made subsequent to date of tender and the original grade is changed, the delivery will not be disqualified as a result thereof. Price adjustment will be made between the buyer and the seller at the prevailing fair market difference based on the cost of replacement. In the event of a dispute, the Chairman of the Regulatory Compliance Committee will appoint an impartial committee of three to fix a fair and proper differential.

Ch10 Delivery Procedures

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- (e) Deliveries of grain in cars shall be made by the tender of delivery notices based on the shippers' certificates of weight (if attached thereto) or railroad weights, or, in the absence of such weights, the marked capacity of the cars.
- (f) Where there is an excess or deficit upon delivery, such excess or deficit shall be settled for on the basis of the market price at the time when such excess or deficit becomes known to both parties; provided that the buyer, if he so elects, may cancel the contract as to any deficit.
- (g) On all grain tendered under this Rule, the party making the original tender shall keep on file and deliver on request, at tenderer's option, the samples of the official grain inspection agency.
- (h) Delivery of wheat, corn, oats or soybeans in cars shall be for quantities of 5,000 bushels or multiples thereof. 283 (03/01/00)

1052.00A Track Deliveries -

- 1. Under subparagraph (d) of Rule 1052.00 when notices of intention to deliver are issued on the day prior to the three days during which regular deliveries may be made in carlots, the requirement that the delivery notice be accompanied by certificate showing approval by the Illinois State Grain Inspection Department for storage must be attached to the delivery notice will be satisfied if that certificate is furnished the next day.
- 2. During the last three delivery days of the month split notices of delivery may be tendered, that is to say, part of the notice may cover grain in store and part of the notice may cover grain in cars on track. 14R (03/01/00)

1052.00B Track Deliveries - The matter of the origin of grain which may be delivered in satisfaction of futures contracts under Rule 1052.00 (Delivery of Grain in Cars), was brought before the Directors. After a discussion upon motion duly made, seconded, and unanimously carried, it was

Resolved, only grain arriving in cars from points outside of the Chicago Switching District and which has not previously been unloaded at a warehouse in the Chicago Switching District may be delivered in satisfaction of futures contracts under Rule 1052.00; and

Further Resolved, that grain loaded in cars from warehouses in the Chicago Switching District shall not be deliverable in satisfaction of futures contracts under said Rule 1052.00. 23R (09/01/94)

1052.00C Track Deliveries -

- 1. The question was submitted to the Directors as to whether or not under Rule 1052.00 (Delivery of Grain in Cars) out-of-town weights can be used on carlot deliveries provided there is an agreement between the buyer and seller. It was the ruling of the Directors and the Rules Committee that under the provisions of this Rule out-of-town weights may not be used even where mutual agreement might exist.
- 2. The question was submitted to the Directors as to whether deliveries of grain in cars might be settled on the aggregate or on the basis of individual contracts under Rule 1052.00.

The Directors and the Rules Committee held that the settlement must be made on the individual contracts of 5,000, 2,000, 1,000 bushels or multiples thereof, and may not be settled on the aggregate.

- 3. The Directors and the Rules Committee have made the following interpretation of Regulation 1047.01 (Delivery Notice). A person issuing a skeleton notice on the last notice day in a delivery month must by 10:00 a.m. on the next day furnish all information which is required on the usual delivery notice. A person re-issuing a skeleton notice on the first position day of a successive delivery month (i.e. -the next calendar month) must furnish all information which is required on the usual delivery notice by 1:00 p.m. on first notice day. 23R (05/01/95)

1054.00 Failure to Accept Delivery - Where a buyer to whom a delivery has been assigned by the Clearing House under Regulation 1048.01 fails to take such delivery and make payment when payment is due, the seller tendering such delivery shall promptly sell the commodity on the open market for the account of the delinquent. He shall then immediately notify the Clearing House of the default, the contract price, and the re-sale price, and the Clearing House shall immediately serve a like

notice upon the delinquent. Thereupon the delinquent shall be obligated to pay to the seller, through the Clearing House, the difference between the contract price and the re-sale price. 289 (05/01/95)

1054.00A Failure to Accept Delivery - Rule 1054.00 provides that when a buyer fails to take delivery and make payment at the prescribed time, the issuer of the delivery 'shall promptly sell the commodity on the open market for the account of the delinquent'.

Does this mean that the seller is to sell the warehouse receipts in the cash market or sell futures in the pit and make a new tender? Also, what is the meaning of the term 'promptly'? If the deliverer, thinking to accommodate the delinquent, waits until 1:10, at which time the market is 5 lower than at 1:00 has he assumed any liability because of the delay? If it is the warehouse receipts which are to be sold out, what determines the market price? Frequently an elevator operator will pay more for his own receipts than for another's; or a processor may pay a higher basis for one grade than another, grade differential to the contrary. If futures are to be sold in the pit, who then is responsible for the mechanics of tender and the assumption of interest?

The Board approved the opinion of the Rules Committee that the seller must have the right to act in either the cash or futures market at his discretion without recourse on the part of the defaulting buyer so long as action is taken prior to 9:45 A.M. the next business day. 38R (09/01/94)

1056.01 Storage Rates for Wheat and Oats and Premium Charges for Corn and Soybeans - To be valid for delivery on futures contracts, all warehouse receipts and shipping certificates covering wheat and oats in regular store or under obligation for shipment must indicate the applicable storage rate or premium charge. No warehouse receipts or shipping certificates shall be valid for delivery on futures contracts unless the storage rates or premium charges on such grain shall have been paid up to and including the 18th calendar day of the preceding month, and such payment endorsed on the warehouse receipt or shipping certificate. Unpaid accumulated storage rates and premium charges at the posted rate applicable to the warehouse or shipping station where the grain is stored or under obligation for shipment shall be allowed and credited to the buyer by the seller to and including date of delivery. Further, no wheat or oats warehouse receipt shall be valid for delivery if the receipt has expired prior to delivery or has an expiration date in the month in which delivered. 1641

If storage rates or premium charges are not paid on-time up to and including the 18th calendar day preceding the delivery months of March, July and September and by the first calendar day of each of these delivery months, a late charge will apply. The late charge will be an amount equal to the total unpaid accumulated storage rates multiplied by the "prime interest rate" in effect on the day that the accrued storage rates are paid plus a penalty of 5 percentage points, all multiplied by the number of calendar days that storage is overdue, divided by 360 days. The term "prime interest rate" shall mean the lowest of the rates announced by each of the following four banks at Chicago, Illinois, as its "prime rate": Bank of America-Illinois, Bank One Harris Trust & Savings Bank, and the Northern Trust Company.

The storage rates on Wheat and premium charges on corn and Soybeans for delivery shall not exceed 15/100 of one cent per bushel per day.

The storage rates on Oats for delivery shall not exceed 13/100 of one cent per bushel per day. (11/01/01)

## Ch10 Regularity of Warehouses

1081.01 Regularity of Warehouses and Issuers of Shipping Certificates - Warehouses or shipping stations may be declared regular for the delivery of grain with the approval of the Exchange. Persons operating grain warehouses or shippers who desire to have such warehouses or shipping stations made regular for the delivery of grain under the Rules and Regulations shall make application for an initial Declaration of Regularity on a form prescribed by the Exchange prior to May 1 of an even year, for a two-year term beginning July 1 of that year, and at any time during a current term for the balance of that term. Regular grain warehouses or shippers who desire to increase their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form. Initial regularity for the current term and increases in regularity shall be effective either thirty days after a notice that a bona fide application has been received is posted by the Exchange, or the day after the application is approved by the Exchange, whichever is later. Persons operating grain warehouses or shipping stations who desire to have their daily rate of loading decreased, shall file with the Exchange a written request for such decrease at which time a notice will be posted by the Exchange. The decrease in the daily rate of loading for the facility will become effective 30 days after a notice has been posted by the Exchange or the day after the number of outstanding certificates at the facility is equal to or less than 20 times the requested rate of loading, whichever is later. Persons operating grain warehouses or shipping stations who wish to have their regular capacity space decreased shall file with the Exchange a written request for such decrease and such decrease shall be effective once a notice has been posted by the Exchange.

Applications for a renewal of regularity shall be made prior to May 1 of even years, for the respective years beginning July 1 of those years, and shall be on the same form.

The Exchange may establish such requirements and conditions for approval of regularity as it deems necessary.

The following shall constitute the minimum requirements and conditions for regularity of grain warehouses and shipping stations:

- (1) The warehouse or shipping station making application shall be inspected by the Exchange or the United States Department of Agriculture. Where application is made to list as regular a warehouse which is not regular at the time of such application, the applicant may be required to remove all grain from the warehouse and to permit the warehouse to be inspected and the grain graded, after which such grain may be returned to the warehouse and receipts issued therefor.

See Regulation 10C81.01(1)-Regularity of Warehouses and Issuers of Shipping Certificates for Corn futures contracts.

See Regulation 10S81.01(1)-Regularity of Warehouses and Issuers of Shipping Certificates for Soybean futures contracts.

- (2) Such warehouse shall be connected by railroad tracks with one or more railway lines.

See Regulation 10C81.01(2)-Regularity of Warehouses and Issuers of Shipping Certificates for Corn futures contracts.

See Regulation 10S81.01(2)-Regularity of Warehouses and Issuers of Shipping Certificates for Soybean futures contracts.

- (3) The proprietor or manager of such warehouse or shipping station shall be in good financial standing and credit, and shall meet the minimum financial requirements and financial reporting requirements set forth in Appendix 4E. No warehouse or shipping station shall be declared regular until the person operating the same files a bond and/or designated letter of credit with sufficient sureties in such sum and subject to such conditions as the Exchange may require.
- (4) Such warehouse or shipping station shall be provided with modern improvements and appliances for the convenient and expeditious receiving, handling and shipping of grain in bulk.
- (5) The proprietor or manager of such warehouse or shipping station shall comply with the system of registration of warehouse receipts or shipping certificates as established by the Exchange, and shall furnish accurate information to the Exchange regarding all grain received and delivered by the warehouse or shipping station on a daily basis, and that remaining in store at the close of each week, in the form prescribed by the Exchange.

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(6) Safeguarding Condition of Grain in Warehouses.

(a) The Board of Trade shall designate an agency for registration of public warehouse receipts, and only public warehouse receipts registered with such agency shall be within the provisions of paragraph (b) following.

(b) Whenever in the opinion of the operator of the warehouse any grain stored in a public warehouse under his jurisdiction should be loaded out in order to protect the best interests of the parties concerned, such operator shall notify the agency giving the location and grades of such grain. The agency shall immediately notify an appropriate grain inspection service who shall at once proceed to the warehouse in which the grain is stored and examine it in conjunction with the Superintendent of such warehouse. If the grain inspection service agrees with the Superintendent that the grain should be moved, it shall so notify the Registrar of the Chicago Board of Trade. If the grain inspection service does not agree with the Superintendent that the grain should be moved, the operator of the warehouse shall have a right to appeal to the Business Conduct Committee of the Board of Trade. If on such appeal the Business Conduct Committee shall agree with the Superintendent that the grain should be moved, the Business Conduct Committee shall so notify the Registrar of the Board of Trade, and the warehouse receipts covering the above specified lot or lots of grain shall no longer be regular for delivery on Board of Trade future contracts. Upon receiving such notice, either from the grain inspection service, or from the Business Conduct Committee, the Registrar shall notify the holder, or holders, or their agents, together with the Chairman of the Business Conduct Committee, of the total quantity of the grade of grain in question (selecting the oldest registered warehouse receipt for such grain first, then such additional registered warehouse receipts in the order of their issuance as may be necessary to equal such total quantity of grain). When this information reaches the Chairman of the Business Conduct Committee he shall appoint a Committee consisting of five disinterested handlers of cash grain, which Committee shall meet at once and after taking into consideration various factors that establish the value of the grade of the receipts held by such owner or owners, shall determine the fair value of the grain, which price shall be that to be paid by the operator. If the price offered is not satisfactory, a Committee appointed by the Chairman of the Business Conduct Committee (at the request of such owner), shall procure other offers for such grain, and such offers shall be immediately reported to the owner or his agent. If the owner refuses to accept any such offers, he shall have the two following business days to order and furnish facilities for loading such grain out of store, and during this period the warehouseman shall be obliged to deliver the grain called for by the warehouse receipts, but not more than three (3) days may elapse after notification by the Registrar to the holder of the receipt before satisfactory disposition shall have been made of the grain, either by sale to the operator or by the ordering out and furnishing facilities to load the same, provided the amount of such grain does not exceed 100,000 bushels in any one elevator. If the amount of grain in question exceeds 100,000 bushels, the owner, or owners, of the warehouse receipts shall be allowed forty-eight hours of grace over and above the before mentioned three days for each 100,000 bushels in excess of the first 100,000 bushels.

(c) In the event that the holder of the warehouse receipt, or his agent, fails to move the grain or make other satisfactory disposition of same within the prescribed time, it shall be held for his account, and any loss in grade sustained shall likewise be for his account.

(d) Nothing in the foregoing provisions shall be construed as prohibiting the warehouseman from fulfilling contracts from other stocks under his control.

(7) The proprietor or manager of such warehouse shall promptly, by the proper publication, advise the trade and the public of any damage to grain held in store by it, whenever such damage shall occur to an extent that will render it unwilling to purchase and withdraw from store, at its own cost, all such damaged grain.

(8) The Board shall be assured that the operator or manager of the warehouse or shipping station will agree to conform to Regulation 1049.03.

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- (9) The proprietor or manager of such warehouse shall permit the Exchange, at any time, to examine the books and records of the warehouse, for the purpose of ascertaining the stocks of all kinds of grain which may be on hand at any time. The Exchange shall have the authority to determine the quantity of grain in the elevators and to compare the books and records of the warehouse with the records of the Exchange.
  - (10) The proprietor or manager of a regular warehouse or shipping station shall give assurance that all grain received in and shipped out of such warehouse shall be weighed under the supervision of an agency approved by the Exchange.
  - (11) The warehouseman or shipper operating such warehouses or shipping stations shall not engage in unethical or inequitable practices, and shall comply with all applicable federal or state statutes, rules or regulations.

All warehousemen and shippers are and shall be and remain subject to the Rules, Regulations and Rulings of the Board of Trade of the City of Chicago on all subjects and in all areas with respect to which the U.S. Department of Agriculture does not assert jurisdiction pursuant to the U.S. Warehouse Act, as amended.

A regular warehouseman or an owner of warehouse receipts can make delivery in a strike bound elevator. The taker of delivery is liable for all storage charges. However, where the owner of warehouse receipts in a strike bound elevator delivered against futures contracts has a bona fide bid for like receipts in a strike free elevator and decides to load the grain out or sell his receipts, the strike bound warehouseman has the option:

- (a) to provide that same quantity and like quality of grain in store in another regular warehouse, not on strike, in the same delivery market, or
- (b) to provide that same quantity and like quality of grain in store at another location on mutually acceptable terms, or
- (c) if no initial agreement can be reached as provided above, the strike bound warehouseman must buy his warehouse receipts back at the bid price in store for that same quantity and like quality of grain in a strike free elevator in the same delivery market or he has the alternative of proceeding as in (a) above. The bid (which must be a basis bid versus futures) referred to in this paragraph must be good for a minimum period of one hour and must be tendered in writing to the strike bound warehouseman between 1:30 p.m. and 4:30 p.m. on a business day and prior to 8:30 a.m., but not before 7:30 a.m., on the following business day.

The warehouseman must respond to the bid as outlined above within the time period during which the bid is alive.

Should the warehouseman question the validity of the bid, the question shall be referred to a Standing Committee which shall have been appointed on an annual basis by the Chairman of the Board, with the approval of the Board. The Committee shall consist of three members including one regular warehouseman with suitable alternates. In case the strike bound elevator involved is in a market other than that directly represented by the warehouseman appointed, the Chairman may designate a member in said alternate market who is familiar with cash grain values in that market. The sole duty of the Committee shall be to determine that the bid is bona fide. The Committee shall not express any opinion with respect to the economics of the bid.

Within the context of this Regulation, a strike bound elevator is defined as the facility itself

being on strike.

The maximum load-out charge on wheat and oats which has been tendered in satisfaction of the Board of Trade futures contracts shall be 6 cents per bushel.

The maximum premium for FOB conveyance on Corn and Soybean Shipping Certificates which have been tendered in satisfaction of Board of Trade futures contracts shall be 4 cents per bushel.

All fees for stevedoring services to load Corn and Soybeans into barges are to be paid by the issuer of the Corn or Soybean Shipping Certificate.

The premium for FOB conveyance is payable at the time of invoice.

(12) Load-Out Procedures.

A. Load-Out Procedures Grains -

1. Corn and Soybeans; Wheat from Chicago, Burns Harbor and St. Louis; and Oats from Chicago and Burns Harbor. An operator of a regular facility has the obligation of loading grain represented by warehouse receipts or shipping certificates giving preference to takers of delivery. When an operator of a facility regular for the delivery of grain receives one or more written loading orders for loading of grain against canceled warehouse receipts or shipping certificates, the operator shall begin loading against them within 3 business days following their receipt. When loadings against written loading orders cannot be completed on the fourth business day following their receipt, the operator shall continue loading against such loading orders on each business day thereafter. All warehousemen and shippers shall outload grain against canceled delivery instruments consecutively without giving preference of the type of delivery instrument, kind of grain or mode of transportation. He shall outload all such products in the order in which suitable transportation, clean and ready to load is constructively placed at his facility by the holder of the warehouse receipt or shipping certificate, pursuant to bona fide loading orders previously received, and at the loading rates provided in part B of this Regulation.

2. Wheat from Toledo and Oats from Minneapolis-St. Paul - All warehousemen shall inload and outload all agricultural products consecutively without giving preference to the products owned by him over the products of others, and without giving preference to one depositor over another. He shall inload all such products consecutively in the order in which they arrive at his warehouse, pursuant to the inloading orders previously received so far as the warehouse capacity for grain and grade permits. He shall outload all such products in the order in which suitable transportation, clean and ready to load is constructively placed at his warehouse by the holder of the warehouse receipt, pursuant to bona fide outloading orders previously received, except as provided in part B of this Regulation.

It shall be the responsibility of the warehouse receipt or shipping certificate holder to supply suitable transportation. Hopper cars shall be considered suitable transportation if they can be sampled by pelican in a manner approved by the appropriate grain sampling agency. Trucks and non-suitable hopper cars may be loaded only with the express agreement of the warehouseman.

Constructive placement at a warehouse or shipping station shall be defined as follows:

- (1) Rail cars-as defined in the appropriate Railroad Freight Tariff on file with the Interstate Commerce Commission;
- (2) Barges-Positioned at an appropriate fleeting service serving the designated delivery point;
- (3) Vessels-In possession of the appropriate Federal Grain Inspection Service and/or National Cargo Bureau documents certifying readiness to accept load-out at the designated delivery point.

It shall be the responsibility of the warehouse receipt or shipping certificate holder to request the warehouseman to arrange for all necessary Federal Grain Inspection Service and stevedoring service. The warehouse receipt or shipping certificate holder may specify the stevedoring service to be called. The warehouseman shall not be held responsible for non-availability of these



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services.

- B. Load-Out Rates for Grain - In the event a regular grain warehouse or shipping station receives written loading orders for load-out of grain against canceled warehouse receipts or shipping certificates, the warehouseman or shipper shall be required to load out grain beginning on the third business day following receipt of such loading orders or on the day after a conveyance of the type identified in the loading orders is constructively placed, whichever occurs later. The rate of load-out for warehouses in Toledo and Minneapolis-St. Paul shall be at the normal rate of load-out for the facility and the load-out rate for all grain warehouses and shipping stations shall depend on the conveyance and type of grain being loaded and shall not be less than the following per business day:

Rail Conveyance or Water Conveyance			
	(When receipt holder requests in writing individual weights and grades per car load)	(When receipt holder requests in writing batch weights and grades)/1/	Vessel or Barge
Wheat, Corn, Soybeans	25 Hopper Cars	35 Hopper Cars	300,000 Bushels 3 Barges
Oats	15 Hopper Cars	20 Hopper Cars	180,000 Bushels 2 Barges

/1/ A batch weight and grade shall refer to a buyer's request in writing for 1 weight and 1 grade per 5 rail cars.

Barge load-out rates for corn and soybeans will be at the shipping station's registered daily rate of loading. When wheat and corn or soybeans or when oats and corn or soybeans are in the lineup for loading, the higher loading rate will apply for total barge loadings on that day. However, a warehouseman or shipper is not obligated to load barges of one type of grain that exceeds the daily barge loading rate for that type of grain. Corn and soybeans are considered one type of grain for this regulation pertaining to barge loading rates.

Regular grain warehouses and shipping stations shall not be required to meet these minimum load-out rates when transportation has not been actually placed at the warehouse, transportation equipment is not clean and load ready, inspection services are not available, a condition of force majeure exists, inclement weather prevents loading, or stevedoring services are not available in the case of water conveyance. However, the exceptions to load-out requirements shall not include grains or soybeans which have not made grade.

In addition, regular warehouses in Toledo and Minneapolis-St. Paul shall not be required to meet the minimum load-out rate for a conveyance when a "like" conveyance has been constructively placed for load-in prior to the "like" conveyance for load-out. However, when a conveyance for load-out is constructively placed after a "like" conveyance for load-in, the warehouse will load-in grain from the "like" conveyance at the normal rate of load-in for the facility. This rate of load-in shall depend on the conveyance(s) being unloaded and shall not be less than the following minimums per business day:

Rail Conveyance or Water Conveyance			
		Vessel or	Barge
Wheat, Corn, Soybeans	35 Hopper Cars	50,000 Bushels	1 Barge
Oats	20 Hopper Cars	50,000 Bushels	1 Barge

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Regular warehouses shall not be required to meet these minimum load-in rates when a condition of force majeure exists, inspection services are not available, inclement weather prevents unloading, or stevedoring services are not available in the case of water conveyance.

Any increased overtime costs and charges for trimming and FGIS to meet minimum load-out requirements shall be borne by warehouseman.

Vessel loading shall require 3 days pre-advice to warehouseman prior to the date of arrival of the vessel. Failure to provide pre advice may delay loading by the same number of days pre-advice is delayed prior to date of arrival of the vessel.

Inability of a warehouse receipt holder to provide conveyance at an elevator in a timely manner will affect load-out of barges accordingly.

For purposes of this regulation, vessel and barge are "like" conveyances.

- C. Notification to Warehouse - The warehouse operator or shipping station shall load-in and load-out grains in the order and manner provided in parts A and B of this Regulation, except that his obligation to load-out grain to a given party shall commence no sooner than three business days after he receives cancelled warehouse receipts and written loading orders from such party, even if such party may have a conveyance positioned to accept load-out of grain before that time. If the party taking delivery presents transportation equipment of a different type (rail, barge, or vessel) than that specified in the loading orders, he is required to provide the warehouse operator with new loading orders, and the warehouse operator shall be obligated to load-out grain to such party no sooner than three business days after he receives the new loading orders. Written loading orders received after 2:00 p.m. (Chicago time) on a given business day shall be deemed to be received on the following business day.
- D. Storage and Premium Charges - Storage payments [and Premium Charges] on [grain] wheat and oats to be shipped pursuant to loading orders shall cease on the tenth business day after suitable transportation is constructively placed for load-out or loading is complete, whichever is earlier. Premium charges for corn and soybeans to be shipped pursuant to loading orders shall cease on the business day loading is complete.
- E. Records - All warehousemen and shippers shall keep adequate permanent records showing compliance with the requirements of this Regulation. Such records shall at all times be open for inspection by the designated official or officials of the contract market.
- F. Certification of Corn, Soybeans and Wheat - Effective September 1, 1992 and upon written request by a taker of delivery at the time loading orders are submitted for the delivery of corn, soybeans or wheat against canceled warehouse receipts, the delivery warehouseman shall certify in writing to the taker of delivery on the day that the transportation conveyance is loaded that the grain is of U.S. origin only. Warehouse receipts issued prior to September 1, 1992 will be deliverable against futures contracts beginning September 1992 only if the regular warehouseman provides certification on the warehouse receipt that the U.S. origin-only option is available to the taker of delivery of corn, soybeans and wheat.
- G. Barge Load-Out Procedures for Corn and Soybeans - When corn or soybeans represented by shipping certificates are ordered out for shipment by water conveyance, the regular shipper has the obligation to load-out grain at his registered daily rate of loading. The shipper's obligation shall begin to a party no sooner than 3 business days after he receives canceled certificates and written loading orders from the party or 1 business day after the constructive placement of the water conveyance, whichever is later.
  - (1) All loading orders and shipping instructions received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Orders received after 2:00 p.m. on a business day shall be considered dated the following business day. Loading against all loading orders dated on a given business day shall be completed before loading begins on any loading orders dated on a subsequent business day.

- (2) When loading orders and shipping instructions are received by 2:00 p.m. of any given business day, the shipper will advise the owner by 10:00 a.m. the following business day of loading dates and tonnage due. Notification will be by telephone, telex or telefax.
- (3) Official grades as loaded into the water conveyance shall govern for delivery purposes.
- (4) Official weights as loaded into the barge shall govern for delivery purposes when available, otherwise, it is the responsibility of the taker to obtain official weights at the destination. Any other governing weights and methods of obtaining weights and any such other information on the weighing process must be mutually accepted by the maker and taker of delivery before the barge is loaded. When the official weight becomes known for a barge, overfills and underfills will be settled on the market value, expressed as a basis, for grain FOB barge at the barge loading station on the day that the grain is loaded. Before the barge is loaded, the taker and maker of delivery will agree on a basis over or under the nearby futures that overfills and underfills will be settled on. On the day that the weight tolerance becomes known to both parties, the flat price settlement will be established by applying the basis to the nearby futures month settlement price on the day of unloading or the day of loading if origin weights are used. If the day of unloading is the last trading day in the nearby futures month, the next following futures month will be used for settlement. If the day of unload is not a business day, the next following business day will be used to establish the flat price. In order to convert the agreed upon basis on the day that the grain was loaded to a basis relative to the current nearby futures month, the futures spread on the day of loading will be used, provided that, the nearby futures did not close outside of the price limits set for all other futures months. In this case, the spread on the first following business day that the nearby futures closed within the price limits applicable for all other futures months would be used.
- (5) The shipper shall not be required to meet his minimum daily barge load-out rate when transportation has not been actually placed at the shipping station, transportation equipment is not clean and load ready, inspection services are not available, a condition of force majeure exists, or inclement weather prevents loading. However, the exceptions to load-out requirements shall not include corn or soybeans that have not made grade.
- (6) For Illinois Waterway barge loading at Burns Harbor, Regulation 1081.01(13) (A.) (a) pertaining to the protection of the Chicago barge rate and inclement weather will apply.
- (7) Any expense for making the grain available for loading on the Illinois Waterway will be borne by the party making delivery, provided that the taker of delivery presents barge equipment clean and ready to load within 10 calendar days following the scheduled loading date of the barge on the Illinois Waterway. If the taker's barges are not made available within 10 calendar days following the scheduled loading date of the barge on the Illinois Waterway or the taker cancels loading instructions and requests that cancelled shipping certificates be re-issued, the taker shall reimburse the shipper for any expenses for making the grain available. Taker and maker of delivery have three days to agree to these expenses.
- (8) The shipper shall load water conveyance at the shipping station designated in the Shipping Certificate. If it becomes impossible to load at the designated shipping station because of an Act of God, fire, flood, wind, explosion, war, embargo, civil commotion, sabotage, law, act of government, labor difficulties or unavoidable mechanical breakdown, the shipper will arrange for water conveyance to be loaded at another regular shipping station in conformance with the Shipping Certificate and will compensate the owner for any transportation loss resulting from the change in the location of the shipping station. If the aforementioned condition of impossibility prevails at a majority of regular shipping stations, then shipment may be delayed for

the number of days that such impossibility prevails at a majority of regular shipping stations.

- (9) See Regulation 10C81.01(12)G(9)-Regularity of Warehouses and Issuers of Shipping Certificates for Corn futures contracts.

See Regulation 10S81.01(12)G(9)-Regularity of Warehouses and Issuers of Shipping Certificates for Soybean futures contracts.

- (10) In the event less than eleven shipping certificates of a like grade/quality are outstanding at a shipping station the owner of all such outstanding shipping certificates may cancel the shipping certificates and obligate the shipper to provide a market value at which the shipper will either buy back all the canceled shipping certificates or sell the balance of Corn or Soybeans of a like grade/quality to complete a barge loading of at least 55,000 bushels, the choice being at the discretion of the taker of delivery.

(13) Location.

- A. Corn. See Regulation 10C81.01(13)-Location for Corn futures contracts.

No such warehouse or shipping station within the Chicago Switching District shall be declared regular unless it is conveniently approachable by vessels of ordinary draft and has customary shipping facilities. Ordinary draft shall be defined as the lesser of (1) channel draft as recorded in the Lake Calumet Harbor Draft Gauge, as maintained by the Corps of Engineers, U.S. Army, minus one (1) foot, or (2) 20 feet.

Delivery in Burns Harbor must be made "in store" in regular elevators or by shipping certificate at regular shipping stations providing water loading facilities and maintaining water depth equal to normal seaway draft of 27 feet.

In addition, deliveries of grain may be made in regular elevators or shipping stations within the Burns Harbor Switching District PROVIDED that:

- (a) When grain represented by warehouse receipts or shipping certificates is ordered out for shipment by a barge, it will be the obligation of the party making delivery to protect the barge freight rate from the Chicago Switching District (i.e. the party making delivery and located in the Burns Harbor Switching District will pay the party taking delivery an amount equal to all expenses for the movement of the barge from the Chicago Switching District, to the Burns Harbor Switching District and the return movement back to the Chicago Switching District).

If inclement weather conditions make the warehouse or shipping station located in the Burns Harbor Switching District unavailable for barge loadings for a period of five or more calendar days, the party making delivery will make grain available on the day following this five calendar day period to load into a barge at one mutually agreeable water warehouse or shipping station located in the Chicago Switching District; PROVIDED that the party making delivery is notified on the first day of that five-day period of inclement weather that the barge is available for movement but cannot be moved from the Chicago Switching District to the Burns Harbor Switching District, and is requested on the last day of this five day calendar period in which the barge cannot be moved.

- (b) When grain represented by warehouse receipts or shipping certificates is ordered out for shipment by vessel, and the party taking delivery is a recipient of a split delivery of grain between a warehouse or shipping station located in Burns Harbor and a warehouse or shipping station in Chicago, and the grain in the Chicago warehouse or

shipping station will be loaded onto this vessel; it will be the obligation of the party making delivery at the request of the party taking delivery to protect the holder of the warehouse receipts or shipping certificates against any additional charges resulting from loading at one berth in the Burns Harbor Switching District and at one berth in the Chicago Switching District as compared to a single berth loading at one location. The party making delivery, at his option, will either make the grain available at one water warehouse or shipping station operated by the party making delivery and located in the Chicago Switching District for loading onto the vessel, make grain available at the warehouse in Burns Harbor upon the surrender of warehouse receipts or shipping certificates issued by other regular elevators or shipping stations located in the Chicago Switching District at the time vessel loading orders are issued, or compensate the party taking delivery in an amount equal to all applicable expenses, including demurrage charges, if any, for the movement of the vessel between a berth in the other switching district. On the day that the grain is ordered out for shipment by vessel, the party making delivery will declare the regular warehouse or shipping station in which the grain will be available for loading.

See Regulation 10C81.01(13)-Location for Corn futures contracts.

- B. Oats. For the delivery of oats, regular warehouses may be located within the Chicago Switching District or within the Burns Harbor, Indiana Switching District (subject to the provisions of paragraph A above) or within the Minneapolis, Minnesota or St. Paul, Minnesota Switching Districts.

Delivery in the Minneapolis or St. Paul Switching District must be made "in store" in regular elevators providing barge-loading facilities and maintaining water depth equal to the average draft of the current barge loadings in the Minneapolis and St. Paul barge-loading districts.

However, deliveries of oats may be made in interior off-water elevators within the Minneapolis or St. Paul Switching District, PROVIDED that the party making delivery makes the oats available upon call within seven calendar days to load into a barge at one river location in the Minneapolis or St. Paul barge-loading district. The party making delivery must declare, within one business day after receiving warehouse receipts and loading orders, the river location at which the oats will be made available. Any additional expense incurred to move delivery oats from an off-water elevator into barges shall be borne by the party making delivery; PROVIDED that the party taking delivery presents barge equipment clean and ready to load within fifteen calendar days from the time warehouse receipts and loading orders are tendered to the delivering party.

Official weights and official grades as loaded into the barge shall govern for delivery

purposes.

- C. Wheat. For the delivery of wheat, regular warehouses may be located within the Chicago Switching District or within the Burns Harbor, Indiana Switching District (subject to the provisions of Paragraph A above), within the Toledo, Ohio Switching District, or with respect to only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat, within the St. Louis-East St. Louis or Alton Switching Districts.

Delivery in Toledo must be made "in store" in regular elevators providing water loading facilities and maintaining water depth equal to normal seaway draft of 27 feet.

However, deliveries of wheat may be made in off-water elevators within the Toledo, Ohio Switching District PROVIDED that the party making delivery makes the grain available upon call within five calendar days to load into water equipment at one water location within the Toledo, Ohio Switching District. The party making delivery must declare within one business day after receiving warehouse receipts and loading orders the water location at which wheat will be made available.

Any additional expense incurred to move delivery grain from an off-water elevator into water facilities shall be borne by the party making delivery; PROVIDED that the party taking delivery presents water equipment clean and ready to load within fifteen calendar days from the time the grain has been made available.

Official weights and official grades as loaded into the water equipment shall govern for delivery purposes.

Delivery in the St. Louis-East St. Louis or Alton Switching Districts must be "in store" in regular elevators providing barge loading facilities and maintaining water depth equal to the average draft of the current barge loadings in the St. Louis-East St. Louis and Alton barge loading districts.

- D. Soybeans. See Regulation 10S81.01(13)-Location for Soybean futures contracts.

(14) Billing

Ch10 Regularity of Warehouses  
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- A. Wheat, Corn, Soybeans and Oats (Chicago delivery). The Chicago warehouseman is not required to furnish transit billing on grain represented by warehouse receipt deliveries in Chicago, Illinois. Delivery shall be flat.
- B. Oats (Minneapolis, St. Paul delivery).
- (1) When oats represented by warehouse receipts delivered in Minneapolis or St. Paul are ordered out for shipment by rail, it shall be the obligation of seller to furnish, no later than when cars are placed or constructively placed at the elevator, to the party taking delivery, inbound Freight Bills (rail tonnage or order equivalent truck or barge tonnage) protecting the applicable proportional rate applicable to Chicago from the warehouse in which the grain is located. The Freight Bills shall be for the kind and quantity of the commodity designated by the warehouse receipt and must permit such commodity to be shipped at the minimum proportional rate applicable to Chicago effective as of the date of shipment from point of origin shown by the Freight Bill.
- (a) Delivery at Minneapolis. When delivery is made at an elevator within the Minneapolis Switching District, such Freight Bills must permit one further free transit stop at interior transit points or be accompanied by a check to cover one such transit stop.
- (b) Delivery at St. Paul. When delivery is made at an elevator within the St. Paul Switching District, such Freight Bills must permit one further free transit stop at interior transit points, or be accompanied by a check to cover such transit stop, and in addition must also permit movement to industries within the switching limits of Minneapolis at no greater cost than the maximum switching charges between industries located within the switching limits of Minneapolis.
- (2) In lieu of the Freight Bills or order equivalent tonnage specified above, seller may furnish to the party taking delivery "short-rate" Freight Bills or make compensation as specified in Section (b).
- (a) "Short-rate" Freight Bills (which otherwise conform to the requirements of this Regulation). "Short-rate" Freight Bills shall be accompanied by a certified check, or other acceptable payment, in an amount equal to the difference between the freight charges which would be incurred in shipping the quantity of the commodity from Minneapolis to Chicago (based on the proportional rate applicable in connection with such "short-rate" Freight Bills) and the freight charges for such shipment based on the minimum proportional tariff rate applicable in connection with Freight Bills other than "short-rate" Freight Bills showing shipment from points of origin as of the same date as the "short-rate" Freight Bills furnished.
- (b) Compensation in Lieu of Freight Bills or order equivalent tonnage. A certified check or other acceptable payment may be substituted for Freight Bills provided it is in an amount equal to the difference between the freight charges which would be incurred in shipping the commodity from Minneapolis to Chicago based on the flat tariff rate effective as of the date of loading for rail shipment and the charges for such shipment based on the minimum proportional tariff rate effective as of the same date.
- (3) Due Bills issued by the Western Weighing and Inspection Bureau may be used when necessary in lieu of Freight Bills that conform to the provisions of this Regulation. Such Due Bills may be surrendered by the seller to the party loading out delivery grain by rail when such Freight Bills are not yet available because of the unloading of the commodity into an elevator during the last few days of the delivery month or on the delivery of "Track" grain. Such Due Bills shall specify the date, origin and rate of the Freight Bills in lieu of which they are issued and shall be completely filled out except for the signature.

(4) The term Freight Bills as used in this Regulation means the recorded inbound paid Freight Bills, authorized duplicates thereof, or tonnage credit slips, conforming to the rules and regulations of Western Trunk Line Tariff No. 331-Z, Fred Ofcky, Agent, ICC No. A-4774, amendments thereto or reissues thereof.

- C. Wheat (Toledo and St. Louis delivery). The warehouseman is not required to furnish transit billing on wheat represented by warehouse receipts delivery in Toledo, Ohio, St. Louis, Missouri, East St. Louis, Illinois, or Alton, Illinois. Delivery shall be flat.
- D. Corn See Regulation 10C81.01(14)-Billing for Corn futures contracts.
- E. Soybeans See Regulation 10S81.01(14)-Billing for Soybean futures contracts.
- F. Wheat, Corn, Soybeans and Oats (Burns Harbor Delivery). When grain represented by warehouse receipts delivered in Burns Harbor is ordered out for shipment by rail, it will be the obligation of the party making delivery to protect the Chicago rail rate, if lower, which would apply to the owner's destination had a like kind and quantity of grain designated on warehouse receipts been loaded out and shipped from a regular warehouse located in the Chicago Switching District. If grain is loaded out and shipped to an industry in the Chicago Switching District, the party making delivery will protect the minimum, crosstown switch charge in the Chicago Switching District.

When rail loading orders are submitted, the party taking delivery shall state in writing if he elects to receive the applicable rail rates from Burns Harbor or Chicago. If the party taking delivery specifies Burns Harbor, the party making delivery will load rail cars at the Burns Harbor warehouse and will not be required to protect the Chicago rates.

If the party taking delivery specifies Chicago rates, the party making delivery will declare on the day that the grain is ordered out for shipment by rail, the warehouse at which the grain will be made available, which is operated by the party making delivery and is located either in the Burns Harbor or the Chicago Switching Districts. If the declared warehouse is located in the Chicago Switching District, the party making delivery will provide only that billing specified in Regulation 1081.01(14)A.

However, if the declared warehouse is located in Burns Harbor and the rail rate from Chicago or the minimum Chicago crosstown switch charge requires protection, the party making delivery will compensate the party taking delivery. The compensation shall be in an amount equivalent to the difference of the freight charges from Burns Harbor and the freight charges which would be applicable had the grain been loaded at and shipped from a warehouse located in the Chicago Switching District to the owner's destination.

- (15) Persons operating regular warehouses or shipping stations shall be subject to the Exchange's Rules and Regulations pertaining to arbitration procedures, as set forth in Chapter 6, and, with respect to compliance with Rules and Regulations pertaining to a warehouse's or shipper's regularity, shall be subject to the Exchange's Rules and Regulations pertaining to disciplinary procedures, as set forth in Chapter 5.

- (16) Persons operating regular warehouses or shipping stations shall consent to the disciplinary



jurisdiction of the Exchange for five years after such regularity lapses, for conduct pertaining to regularity which occurred while the warehouse or shipping station was regular.

- (17) The Exchange may determine not to approve warehouses or shipping stations for regularity or increases in regular capacity of existing regular warehouses or shipping stations, in its sole discretion, regardless of whether such warehouses or shipping stations meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether receipts or shipping certificates issued by such warehouses or shipping stations, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of futures contracts or impair the efficacy of futures trading in the relevant market, or whether the currently approved regular capacity provides for an adequate deliverable supply. (01/01/03)

1081.01A Inspection - Chicago Elevators - Any Grain Warehouses in Chicago, regular for the delivery of grain under the Rules and Regulations of the Association, shall require inbound and outbound inspections as mandated by the U.S. Grain Standards Act and/or the U.S. Warehouse Act.

Nothing herein shall negate the rights of persons shipping grain into or out of such Warehouses to request and obtain on such grain official sample lot inspections as defined in the U.S. Grain Standards Act, and such inspections or any appeal therefrom, shall be the settlement grade.

When grain is delivered in satisfaction of warehouse or shipping certificate, receipts, the holder of the warehouse receipts or shipping certificates shall be entitled to an official sample lot inspection as defined in the U.S. Grain Standards Act unless otherwise agreed. 3R (03/01/00)

1081.01B Billing When Grain is Loaded Out - The Board makes the following interpretations:

1. Is it then the obligation of the operator of the elevator to have such billing on hand backing all deliveries -or only (as the Regulation seems to state) when such grain is loaded out?

The Regulations are explicit in stating that billing need be available when such grain is loaded out. The warehouseman makes the decision and takes the risk at the time of delivery and any time until the grain is ordered loaded if he does not have billing.

2. What is meant by equities?

Equities are defined in the Regulation and do not include values occasioned by changes in freight rates as they would apply to the outboard movement. 43R (09/01/94)

1081.01C Car of Specified Capacity - Where a seller of an 80,000 Ib. capacity car shows conclusively that an 80,000 Ib. capacity car was ordered, and the railroad for its own convenience provided a 100,000 Ib. capacity car, the basis for settlement should be the same as though an 80,000 Ib. capacity car had been supplied. 14R (09/01/94)

1082.00 Insurance - Grain covered by warehouse receipts tendered for delivery must be insured against the contingencies provided for in a standard "All Risks" policy (including earthquake) to such an extent and in such amounts as required by the Board of Directors. It shall be the duty of the operators of all regular warehouses to furnish the Exchange with either a copy of the current insurance policy or policies, or a written confirmation from the insurance company that such insurance has been effected. 292 (08/01/96)

1082.00A Insurance - The warehouseman shall insure grain and soybeans covered by warehouse receipts tendered for delivery against the contingencies provided for in the standard "All Risks" policy (including earthquakes). (09/01/94)

1083.00 Variation Allowed - Deliveries of grain in store may vary not more than one percent from the quantity contracted for: provided, however, that no lot in any one warehouse shall contain less than 5,000 bushels of any one grade. 291 (09/01/94)

1083.01 Excess or Deficiency in Quantity - In the load-out of grain from an elevator or warehouse, the quantity of gross grain covered by the warehouse receipt shall be loaded out, and any excess or deficiency between the quantity of net grain loaded out and the quantity of net grain covered by the warehouse receipt shall be paid for to or by (as the case may be) the elevator or warehouse proprietor or manager at the average market price on the day of load-out: the buyer to pay storage on the net weight covered by the warehouse receipt. In the event that in the final out-turn there is a shortage in the gross quantity called for in the receipt, the net quantity of grain required by the receipt shall be the factor in settlement, and any variation therefrom in the net amount of grain loaded out against the receipt shall be paid for by the elevator or warehouse proprietor or manager to the owner of the receipt at the average market price on the day of load-out. In the load-out of grain the gross quantity of grain, which includes dockage shall not exceed the net quantity by more than one percent.

1640 (09/01/94)

1084.01 Revocation, Expiration or Withdrawal of Regularity - Any regular warehouse or shipper may be declared by the Business Conduct Committee, or pursuant to Regulation 540.10, the Hearing Committee to be irregular at any time if it does not comply with the conditions above set forth. If the designation of a warehouse or shipper as regular shall be revoked, a notice shall be posted on the bulletin board announcing such revocation and also the period of time, if any, during which the receipts or certificates issued by such house or shipper shall thereafter be deliverable in satisfaction of futures contracts under the Rules and Regulations.

In the event of revocation, expiration or withdrawal of regularity, or in the event of sale or abandonment of the properties where regularity is not reissued, holders of outstanding warehouse or shipping certificates receipts shall be given thirty days to take load-out of the commodity from the facility. If a holder of an outstanding warehouse receipt or shipping certificate chooses not to take load-out during this period, the facility must provide him with another warehouse receipt or shipping certificate at another, mutually acceptable regular warehouse or shipping station, with adjustments for differences in

contract differentials. Alternatively, if such warehouse receipt or shipping certificate is unavailable, the facility must provide the holder with an equivalent quantity and quality of the grain designated in the warehouse receipt or shipping certificate at a mutually acceptable location. 1621 (03/01/00)

1085.01 Application for Declaration of Regularity - All applications by operators of warehouses for a declaration of regularity under Regulation 1081.01 shall be on the following form:

WAREHOUSEMAN'S/SHIPPER'S APPLICATION FOR A DECLARATION OF REGULARITY  
UPON CONTRACTS FOR FUTURE DELIVERY UNDER THE CHARTER,  
RULES AND REGULATIONS OF THE BOARD OF TRADE OF THE CITY  
OF CHICAGO FOR THE DELIVERY OF \_\_\_\_\_

\_\_\_\_\_, 20\_\_\_\_

Board of Trade of the  
City of Chicago  
Chicago, Illinois  
Gentlemen:

We, the \_\_\_\_\_ (hereinafter called  
the Warehouseman/Shipper) owner or lessee of the  
warehouse \_\_\_\_\_  
located at \_\_\_\_\_  
and/or shipping station located at mile marker \_\_\_\_\_.  
having a storage capacity of \_\_\_\_\_ bushels of grain  
and/or applying for \_\_\_\_\_ bushels as a registered total daily rate  
of loading barges and having a bond under the United States Warehouse Act  
\_\_\_\_\_ in the sum of  
\_\_\_\_\_ Dollars and/or a designated letter of credit, do  
hereby make application to the Board of Trade of the City of Chicago  
(hereinafter called Exchange) for a declaration of regularity to handle, and  
to receive and store or issue Shipping Certificates for  
\_\_\_\_\_ for delivery upon contracts for future delivery for a  
period beginning \_\_\_\_\_ and ending Midnight June 30, \_\_\_\_\_.

Conditions of Regularity

Such declaration of regularity, if granted, shall be cancellable by the Exchange whenever the following conditions shall not be observed.

1. The Warehouseman/Shipper must:

- (1) give such bonds and/or designated letter of credit to the Exchange as it may require.
- (2) submit to the Exchange with such application for a declaration of regularity, a tariff listing in detail the rates for the handling and storage of grain; submit promptly to the Exchange all changes in said tariff, publish and display such tariff.
- (3) remove no grain from the warehouse/shipping station save at the request of the owner or owners thereof upon surrender of the warehouse receipts/shipping certificates.
- (4) notify the Exchange immediately of any change in capital ownership and of any reduction in total capital of 20 percent or more from the level reported in the last financial statement filed with the Exchange.
- (5) make such reports, keep such records, and permit such warehouse visitation as the Secretary of Agriculture may prescribe; comply with all applicable Rules and Regulations and orders promulgated by the Secretary of Agriculture or the Government agency administering the Commodity Exchange Act; and comply with all requirements of the Exchange permitted or required by such Rules and Regulations or orders.
- (6) maintain and furnish to all holders of warehouse receipts/shipping/certificates on grain tendered in satisfaction of futures contracts insurance as provided in Rule 1004.00.
- (7) make application for renewal of a declaration of regularity in writing on or before May 1, 1994, and every even year thereafter.

2. The Warehouse/Shipper must be:

- (1) subject to the prescribed examination and approval of the Exchange.
- (2) properly safeguarded and patrolled.



(3) equipped to handle grain expeditiously.

- 3. The Warehouse/Shipping Station and Warehouseman/Shipper must conform to the uniform requirements of the Exchange as to location, accessibility and suitability as may be prescribed in the Rules and Regulations of the Exchange.

AGREEMENTS OF WAREHOUSEMAN

The Warehouseman/Shipper expressly agrees:

- (1) that all grain tendered in satisfaction of futures contracts shall be weighed by an Official Weigher. An Official Weigher shall be a person or agency approved by the Exchange.
- (2) that all warehouse receipts/shipping certificates shall be registered with the Registrar of the Exchange.
- (3) to abide by all of the Rules and Regulations of the Exchange relating to the warehousing or shipping of commodities deliverable in satisfaction of futures contracts and the delivery thereof in satisfaction of futures contracts.
- (4) that the Exchange may cancel said declaration of regularity, if granted, for any breach of said agreements.
- (5) that the signing of this application constitutes a representation that the conditions of regularity are complied with and will be observed during the life of the declaration of regularity and, if found to be untrue, the Exchange shall have the right to cancel said declaration of regularity immediately.
- (6) to be subject to the Association's Rules and Regulations pertaining to arbitration procedures, as set forth in Chapter 6, and with respect to compliance with Rules and Regulations pertaining to regularity, to be subject to the Association's Rules and Regulations pertaining to disciplinary procedures, as set forth in Chapter 5; and to abide by and perform any disciplinary decision imposed upon it or any arbitration award issued against it pursuant to such Rules and Regulations.
- (7) to consent to the disciplinary jurisdiction of the exchange for five years after regularity lapses for conduct pertaining to regularity which occurred while the warehouse/shipper was regular.

\_\_\_\_\_  
Company  
By \_\_\_\_\_  
Title  
\_\_\_\_\_  
Date

Bond in the amount of \_\_\_\_\_ duly filed

1622 (03/01/00)

1086.01 Federal Warehouses - In compliance with Section 5a, subparagraph (7) of Commodity Exchange Act, receipts for grain stored in elevators (listed as Federally licensed in Appendices 10A, 10B, 10C, 10D and 10E) licensed under the United States Warehouse Act of August 11, 1916, as amended will be deliverable in satisfaction of futures contracts. 1829 (09/01/94)

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Ch10C Trading Conditions

C1001.01 Application of Regulations - Transactions in Corn futures shall be subject to the General Rules of the Association as far as applicable and shall also be subject to Regulations contained in this chapter which are exclusively applicable to trading in Corn. (08/01/98)

C1004.01 Unit of Trading - (see 1004.00) (08/01/98)

C1005.01 Months Traded in - (see 1005.01A) (08/01/98)

C1006.01 Price Basis - (see 1006.00 and 1006.01) (08/01/98)

C1007.01 Hours of Trading - (see 1007.00 and 1007.02) (08/01/98)

C1008.01 Trading Limits - (see 1008.01 and 1008.02) (08/01/98)

C1009.01 Last Day of Trading - (see 1009.02) (08/01/98)

C1010.01 Margin Requirements - (see 431.03) (08/01/98)

C1012.01 Position Limits and Reportable Positions - (see 425.01) (08/01/98)

Ch10C Delivery Procedures

C1036.00 Grade Differentials - (see 1036.00) (08/01/98)

C1036.01 Location Differentials - Corn for shipment from regular shipping stations located within the Chicago Switching District or the Burns Harbor, Indiana Switching District may be delivered in satisfaction of Corn futures contracts at contract price, subject to the differentials for class and grade outlined above. Corn for shipment from regular shipping stations located within the Lockport-Seneca Shipping District may be delivered in satisfaction of Corn futures contracts at a premium of 2 cents per bushel over contract price, subject to the differentials for class and grade outlined above. Corn for shipment from regular shipping stations located within the Ottawa-Chillicothe Shipping District may be delivered in satisfaction of Corn futures contracts at a premium of 2 1/2 cents per bushel over contract price, subject to the differentials for class and grade outlined above. Corn for shipment from regular shipping stations located within the Peoria-Pekin Shipping District may be delivered in satisfaction of Corn futures contracts at a premium of 3 cents per bushel over contract price, subject to the differentials for class and grade outlined above. (08/01/98)

C1038.01 Grades- (see 1038.00 and 1038.01) (08/01/98)

C1041.01 Delivery Points - Corn Shipping Certificates shall specify shipment from one of the warehouses or shipping stations currently regular for delivery and located in one of the following territories:

- A. Chicago and Burns Harbor, Indiana Switching District - When used in these Rules and Regulations, the Chicago Switching District will be that area geographically defined by Tariff ICC WTL 8020-Series and that portion of the Illinois Waterway at or above river mile 304 which includes the Calumet Sag Channel and the Chicago Sanitary & Ship Canal. When used in these Rules and Regulations, Burns Harbor, Indiana Switching District will be that area geographically defined by the boundaries of Burns Waterway Harbor at Burns Harbor, Indiana which is owned and operated by the Indiana Port Commission.
- B. Lockport-Seneca Shipping District - When used in these Rules and Regulations, the Lockport-Seneca Shipping District will be that portion of the Illinois Waterway below river mile 304 at the junction of the Calumet Sag Channel and the Chicago Sanitary & Ship Canal and above river mile 244.6 at the Marseilles Lock and Dam.
- C. Ottawa-Chillicothe Shipping District - When used in these Rules and Regulations, the Ottawa-Chillicothe Shipping District will be that portion of the Illinois Waterway below river mile 244.6 at the Marseilles Lock and Dam and at or above river mile 170 between Chillicothe and Peoria, IL.
- D. Peoria-Pekin Shipping District - When used in these Rules and Regulations, the Peoria-Pekin Shipping District will be that portion of the Illinois Waterway below river mile 170 between Chillicothe and Peoria, IL and at or above river mile 151 at Pekin, IL. (11/01/01)

C1043.01 Deliveries by Corn Shipping Certificate - (see 1043.01) (08/01/98)

C1043.02 Registration of Corn Shipping Certificates - (see 1043.02) (08/01/98)

proper designation, indicating shipping station.

BOARD OF TRADE OF THE CITY OF CHICAGO  
CORN SHIPPING CERTIFICATE FOR DELIVERY IN SATISFACTION OF CONTRACT FOR 5,000  
BUSHELS OF CORN

The certificate not valid unless registered by the Registrar of the Board of Trade of the City of Chicago.

\_\_\_\_\_ Corn  
\_\_\_\_\_ (grade)

Shipping Station  
of \_\_\_\_\_

Located at \_\_\_\_\_

Registered total daily rate of loading of \_\_\_\_\_ bushels.

Total rate of loading per day shall be in accordance with Regulation 1081.01 (12). A premium charge of \$ \_\_\_\_\_ cents per bushel per calendar day for each day is to be assessed starting the day after registration by the Registrar of this Certificate through the business day loading is complete.

For value received and receipt of this document properly endorsed and lien for payment of premium charges the undersigned shipper, regular for delivery under the Rules and Regulations of the Board of Trade of the City of Chicago, hereby agrees to deliver 5,000 bushels of Corn in bulk conforming the standards of the Board of Trade of the City of Chicago and ship said Corn in accordance with orders of the lawful owner of this document and in accordance with Rules and Regulations of the Board of Trade of the City of Chicago. Delivery shall be by water or rail conveyance according to the registered loading capability of the shipper.

Signed at \_\_\_\_\_ this

day of \_\_\_\_\_, 20 \_\_\_\_\_  
-- Chicago, IL or Burns Harbor, IN Switching District  
-- Lockport-Seneca Shipping District  
-- Ottawa-Chillicothe Shipping District  
-- Peoria-Pekin Shipping District

By \_\_\_\_\_  
Authorized Signature of Issuer

Registration date \_\_\_\_\_

Registration's Number \_\_\_\_\_



Registrar for Corn  
Board of Trade of the City of Chicago

Registration canceled for purpose of shipment of Corn by owner of certificate or  
by issuer of certificate for purpose of withdrawal of certificate.

Cancellation

Date

(Registrar)

All premium charges have been paid on Corn covered by this certificate from date  
of registration, not counting date of registration but counting date of payment.

Date \_\_\_\_\_ by \_\_\_\_\_  
Date \_\_\_\_\_ by \_\_\_\_\_  
Date \_\_\_\_\_ by \_\_\_\_\_  
Date \_\_\_\_\_ by \_\_\_\_\_

Delivery of this Corn Shipping Certificate to issuer is conditioned upon loading  
of Corn in accordance with Rules and Regulations of the Board of Trade of the  
City of Chicago and a lien is claimed until all loadings are complete and proper  
shipping documents presented accompanying demand draft for freight and premium  
charges due which I (we) agree to honor upon presentation.

Owner of this Corn Shipping  
Certificate or his duly authorized agent

Date \_\_\_\_\_, 20\_\_\_\_ (03/01/00)

C1046.01 Location for Buying or Selling Delivery - (see 1046.00A) (08/01/98)  
Instruments

C1047.01 Delivery Notices - (see 1047.01) (08//01/98)

C1048.01 Method of Delivery - (see 1048.01) (08/01/98)

C1049.01 Time of Delivery, Payment, Form of Delivery - (see 1049.00) (08/01/98)  
Notice

C1049.02 Time of Issuance of Delivery Notice - (see 1049.01) (08/01/98)

C1049.03 Buyer's Report of Eligibility to Receive Delivery' - (see 1049.02)  
(08/01/98)

C1049.04 Seller's Invoice to Buyers' - (see 1049.03) (08/01/98)

C1049.05 Payment - Payment shall be made utilizing the electronic delivery  
system via the Clearing House's Online System. Payment will be made during the  
6:45 a.m. collection cycle thus the cost of the delivery will be debited or  
credited to a clearing firms settlement account. Unless a different time is  
prescribed by Regulation pertaining to a particular commodity, buyers obligated  
to accept delivery must take delivery and make payment and sellers obligated to  
make delivery must make delivery during the 6:45 a.m. settlement process on the  
day of delivery, except on banking holidays when delivery must be taken or made  
and payment made before 9:30 a.m. the next banking business day. (10/01/01)

C1050.01 Duties of Members - (see 1050.00) (08/01/98)

C1051.01 Office Deliveries Prohibited - (see 1051.01)

C1054.01 Failure to Accept Delivery - (see 1054.00 and 1054.00A) (08/01/98)

C1056.01 Payment of Premium Charges - (see 1056.01) (11/01/01)



C1081.01 Regularity of Warehouses and Issuers of Shipping Certificates -Persons operating grain warehouses or shippers who desire to have such warehouses or shipping stations made regular for the delivery of grain under the Rules and Regulations shall make application for an initial Declaration of Regularity on a form prescribed by the Exchange prior to May 1, 1994, and every even year thereafter, for a two-year term beginning July 1, 1994, and every even year thereafter, and at any time during a current term for the balance of that term. Regular grain warehouses or shippers who desire to increase their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form. Initial regularity for the current term and increases in regularity shall be effective either thirty days after a notice that a bona fide application has been received is posted on the floor or the exchange, or the day after the application is approved by the Exchange, whichever is later. Applications for a renewal of regularity shall be made prior to May 1, 1994, and every even year thereafter, for the respective years beginning July 1, 1994, and every even year thereafter, and shall be on the same form.

The following shall constitute the requirements and conditions for regularity:

- (1) The warehouse or shipping station making application shall be inspected by the Registrar or the United States Department of Agriculture. Where application is made to list as regular a warehouse which is not regular at the time of such application, the applicant may be required to remove all grain from the warehouse and to permit the warehouse to be inspected and the grain graded, after which such grain may be returned to the warehouse and receipts issued therefor.

The operator of a shipping station issuing Corn Shipping Certificates shall limit the number of Shipping Certificates issued to an amount not to exceed:

- (a) 20 times his registered total daily rate of loading barges, or in the case of Chicago, Illinois and Burns Harbor, Indiana Switching Districts, his registered storage capacity,
- (b) and a value greater than 25 percent of the operator's net worth.

The shipper issuing Corn Shipping Certificates shall register his total daily rate of loading barges at his maximum 8 hour loadout capacity in amount not less than:

- (a) one barge per day at each shipping station within the Lockport-Seneca Shipping District, within the Ottawa-Chillicothe Shipping District, within the Peoria-Pekin Shipping District, within the Havana-Grafton Shipping District, and within the St. Louis-East St. Louis and Alton Switching Districts, and
  - (b) three barges per day at each shipping station in the Chicago, Illinois and Burns Harbor, Indiana Switching District.
- (2) Shippers located in the Chicago, Illinois and Burns Harbor, Indiana Switching District shall be connected by railroad tracks with one or more railway lines.

10C81.01(3) through 10C81.01(12)G(8) - (see 1081.01(3) through 1081.01(12)G(8))

10C81.01(12)G(9) In the event that it has been announced that river traffic will be obstructed for a period of fifteen days or longer as a result of one of the conditions of impossibility listed in regulation 1081.01(12)(G)(8) and in the event that the obstruction will affect a majority of regular shipping stations, then the following barge load-out procedures for Corn shall apply to shipping stations upriver from the obstruction:

- (a) The maker and taker of delivery may negotiate mutually agreeable terms of performance.
- (b) If the maker and/or the taker elect not to negotiate mutually agreeable terms of performance, then the maker is obligated to provide the same quantity and like quality of grain pursuant to the terms of the shipping certificate(s) with the following exceptions and additional requirements:
  - (i) The maker must provide loaded barge(s) to the taker on the Illinois River between the lowest closed lock and St. Louis, inclusive, or on the Mid-Mississippi River between Lock 11 at Dubuque, Iowa and St. Louis, inclusive.
  - (ii) The loaded barge(s) provided to the taker must have a value equivalent to C.I.F. NOLA, with the maker of delivery responsible for the equivalent cost, insurance and freight.
  - (iii) The taker of delivery shall pay the maker 18 cents per bushel for Chicago and Burns Harbor Switching District shipping certificates, 16 cents per bushel for Lockport-Seneca District shipping certificates, 15 1/2 cents per bushel for Ottawa-Chillicothe District shipping certificates, and 15 cents per bushel for Peoria-Pekin District shipping certificates, as a reimbursement for the cost of barge freight.
- (c) In the event that the obstruction or condition of impossibility listed in regulation 1081.01(12)(G)(8) will affect a majority of regular shipping stations, but no announcement of the anticipated period of obstruction is made, then shipment may be delayed for the number of days that such impossibility prevails.

10C81.01(13) Location - For the delivery of Corn, regular warehouses or shipping stations may be located within the Chicago Switching District or within the Burns Harbor, Indiana Switching District or within the Lockport-Seneca Shipping District or within the Ottawa-Chillicothe Shipping District or within the Peoria-Pekin Shipping District.

No such warehouse or shipping station within the Chicago Switching District shall be declared regular unless it is conveniently approachable by vessels of ordinary draft and has customary shipping facilities. Ordinary draft shall be defined as the lesser of (1) channel draft as recorded in the Lake Calumet Harbor Draft Gauge, as maintained by the Corps of Engineers, U.S. Army, minus one (1) foot, or (2) 20 feet.

Delivery in Burns Harbor must be made "in store" in regular elevators or by shipping certificate at regular shipping stations providing water loading facilities and maintaining water depth equal to normal seaway draft of 27 feet.

In addition, deliveries of grain may be made in regular elevators or shipping stations within the Burns Harbor Switching District PROVIDED that:

- (a) When grain represented by shipping certificates is ordered out for shipment by a barge, it will be the obligation of the party making delivery to protect the barge freight rate from the Chicago Switching District (i.e. the party making delivery and located in the Burns Harbor Switching District will pay the party taking delivery an amount equal to all expenses for the movement of the barge from the Chicago Switching District, to the Burns Harbor Switching District and the return movement back to the Chicago Switching District).

If inclement weather conditions make the warehouse or shipping station located in the Burns Harbor Switching District unavailable for barge loadings for a period of five or more calendar days, the party making delivery will make grain available on the day following this five calendar day period to load into a barge at one mutually agreeable water warehouse or shipping station located in the Chicago Switching District; PROVIDED that the party making delivery is notified on the first day of that five-day period of inclement weather that the barge is available for movement but cannot be moved from the Chicago Switching District to the Burns Harbor Switching District, and is requested on the last day of this five day calendar period in which the barge cannot be moved.

- (b) When grain represented by shipping certificates is ordered out for shipment by vessel, and the party taking delivery is a recipient of a split delivery of grain between a warehouse or shipping station located in Burns Harbor and a warehouse or shipping station in Chicago, and the grain in the Chicago warehouse or shipping station will be loaded onto this vessel; it will be the obligation of the party making delivery at the request of the party taking delivery to protect the holder of the shipping certificates against any additional charges resulting from loading at one berth in the Burns Harbor Switching District and at one berth in the Chicago Switching District as compared to a single berth loading at one location. The party making delivery, at his option, will either make the grain available at one water warehouse or shipping station operated by the party making delivery and located in the Chicago Switching District for loading onto the vessel, make grain available at the warehouse or shipping station in Burns Harbor upon the surrender of shipping certificates issued by other regular elevators or shipping stations located in the Chicago Switching District at the time vessel loading orders are issued, or compensate the party taking delivery in an amount equal to all applicable expenses, including demurrage charges, if any, for the movement of the vessel between a berth in the other switching district. On the day that the grain is ordered out for shipment by vessel, the party making delivery will declare the regular warehouse or shipping station in which the grain will be available for loading.

Delivery within the Lockport-Seneca Shipping District or within the Ottawa-Chillicothe Shipping District or within the Peoria-Pekin Shipping District or within the Havana-Grafton Shipping District must be made at regular shipping stations providing water loading facilities and maintaining water depth equal to the draft of the Illinois River maintained by the Corps of Engineers.

10C81.01(14) Billing - (see 1081.01(14)A and 1081.01(14)F)

10C81.01(15) through 10C81.01(17) - (see 1081.01(15) through 1081.01(17))  
(11/01/01)

C1081.01A Inspection - (see 1081.01A) (08/01/98)

C1081.01B Billing When Grain is Loaded Out - (see 1081.01B) (08/01/98)

C1081.01C Car of Specified Capacity - (see 1081.01C) (08/01/98)

C1082.01 Insurance - (see 1082.00) (08/01/98)

C1083.01 Variation Allowed - (see 1083.00) (08/01/98)

C1083.02 Excess or Deficiency in Quantity - (see 1083.01) (08/01/98)

C1084.01 Revocation, Expiration or Withdrawal of Regularity - (see 1084.01)  
(08/01/98)

C1085.01 Application for Declaration of Regularity - (see 1085.01) (08/01/98)

C1086.01 Federal Warehouses - (see 1086.01) (08/01/98)

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Ch10S Trading Conditions

S1001.01 Application of Regulations - Transactions in Soybean futures shall be subject to the General Rules of the Association as far as applicable and shall also be subject to Regulations contained in this chapter which are exclusively applicable to trading in Soybeans.

S1004.01 Unit of Trading - (see 1004.00) (08/01/98)

S1005.01 Months Traded in - (see 1005.01A) (08/01/98)

S1006.01 Price Basis - (see 1006.00 and 1006.01) (08/01/98)

S1007.01 Hours of Trading - (see 1007.00 and 1007.02) (08/01/98)

S1008.01 Trading Limits - (see 1008.01 and 1008.02) (08/01/98)

S1009.01 Last Day of Trading - (see 1009.02) (08/01/98)

S1010.01 Margin Requirements - (see 431.03) (08/01/98)

S1012.01 Position Limits and Reportable Positions - (see 425.01) (08/01/98)

Ch10S Delivery Procedures

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S1036.00 Grade Differentials - (see 1036.00) (08/01/98)

S1036.01 Location Differentials - Soybeans for shipment from regular shipping stations located within the Chicago Switching District or the Burns Harbor, Indiana Switching District may be delivered in satisfaction of Soybean futures contracts at contract price, subject to the differentials for class and grade outlined above. Soybeans for shipment from regular shipping stations located within the Lockport-Seneca Shipping District may be delivered in satisfaction of soybean futures contracts at a premium of 2 cents per bushel over contract price, subject to the differentials for class and grade outlined above. Soybeans for shipment from regular shipping stations located within the Ottawa-Chillicothe Shipping District may be delivered in satisfaction of Soybean futures contracts at a premium of 2 1/2 cents per bushel over contract price, subject to the differentials for class and grade outlined above. Soybeans for shipment from regular shipping stations located within the Peoria-Pekin Shipping District may be delivered in satisfaction of Soybean futures contracts at a premium of 3 cents per bushel over contract price, subject to the differentials for class and grade outlined above. Soybeans for shipment from regular shipping stations located within the Havana-Grafton Shipping District may be delivered in satisfaction of soybean futures contracts at a premium of 3 1/2 cents per bushel over contract price, subject to the differentials for class and grade outlined above. Soybeans for shipment from regular shipping stations located in the St. Louis-East St. Louis and Alton Switching Districts may be delivered in satisfaction of Soybean futures contracts at a premium of 6 cents per bushel over contract price, subject to the differentials for class and grade outlined above. (08/01/98)

S1038.01 Grades - (see 1038.00 and 1038.01) (08/01/98)

S1041.01 Delivery Points - Soybean Shipping Certificates shall specify shipment from one of the warehouses or shipping stations currently regular for delivery and located in one of the following territories:

- A. Chicago and Burns Harbor, Indiana Switching District - When used in these Rules and Regulations, the Chicago Switching District will be that area geographically defined by Tariff ICC WTL 8020-Series and that portion of the Illinois Waterway at or above river mile 304 which includes the Calumet Sag Channel and the Chicago Sanitary & Ship Canal. When used in these Rules and Regulations, Burns Harbor, Indiana Switching District will be that area geographically defined by the boundaries of Burns Waterway Harbor at Burns Harbor, Indiana which is owned and operated by the Indiana Port Commission.
- B. Lockport-Seneca Shipping District - When used in these Rules and Regulations, the Lockport-Seneca Shipping District will be that portion of the Illinois Waterway below river mile 304 at the junction of the Calumet Sag Channel and the Chicago Sanitary & Ship Canal and above river mile 244.6 at the Marseilles Lock and Dam.
- C. Ottawa-Chillicothe Shipping District - When used in these Rules and Regulations, the Ottawa-Chillicothe Shipping District will be that portion of the Illinois Waterway below river mile 244.6 at the Marseilles Lock and Dam and at or above river mile 170 between Chillicothe and Peoria, IL.



Ch10S Delivery Procedures

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- D. Peoria-Pekin Shipping District - When used in these Rules and Regulations, the Peoria-Pekin Shipping District will be that portion of the Illinois Waterway below river mile 170 between Chillicothe and Peoria, IL and at or above river mile 151 at Pekin, IL.
- E. Havana-Grafton Shipping District - When used in these Rules and Regulations, the Havana-Grafton Shipping District will be that portion of the Illinois Waterway below river mile 151 at Pekin, IL to river mile 0 at Grafton, IL.
- F. St. Louis-East St. Louis and Alton Switching Districts - When used in these Rules and Regulations, St. Louis-East St. Louis and Alton Switching Districts will be that portion of the upper Mississippi River below river mile 218 at Grafton, IL and above river mile 170 at Jefferson Barracks Bridge in south St. Louis, MO. (11/01/01)

S1043.01 Deliveries by Soybean Shipping Certificate - (see 1043.01) (08/01/98)

S1043.02 Registration of Soybean Shipping Certificates - (see 1043.02)  
(08/01/98)

S1044.01 Certificate Format - The following form of Soybean Shipping Certificate shall be used with proper designation, indicating shipping station.

Ch10S Delivery Procedures

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S1046.01 Location for Buying or Selling Delivery Instruments - (see 1046.00A)  
(08/01/98)

S1047.01 Delivery Notices - (see 1047.01) (08//01/98)

S1048.01 Method of Delivery - (see 1048.01) (08/01/98)

S1049.01 Time of Delivery, Payment, Form of Delivery Notice - (see 1049.00)  
(08/01/98)

S1049.02 Time of Issuance of Delivery Notice - (see 1049.01) (08/01/98)

S1049.03 Buyer's Report of Eligibility to Receive Delivery - (see 1049.02)  
(08/01/98)

S1049.04 Seller's Invoice to Buyers - (see 1049.03) (08/01/98)

S1049.05 Payment - Payment shall be made utilizing the electronic delivery system via the Clearing House's Online System. Payment will be made during the 6:45 a.m. collection cycle thus the cost of the delivery will be debited or credited to a clearing firms settlement account. Unless a different time is prescribed by Regulation pertaining to a particular commodity, buyers obligated to accept delivery must take delivery and make payment and sellers obligated to make delivery must make delivery during the 6:45 a.m. settlement process on the day of delivery, except on banking holidays when delivery must be taken or made and payment made before 9:30 a.m. the next banking business day. (10/01/01)

S1050.01 Duties of Members - (see 1050.00) (08/01/98)

S1051.01 Office Deliveries Prohibited - (see 1051.01)

S1054.01 Failure to Accept Delivery - (see 1054.00 and 1054.00A) (08/01/98)

S1056.01 Payment of Premium Charges - (see 1056.01) (11/01/01)



Ch10S Regularity of Issuers of Shipping

1081.01 Regularity of Warehouses and Issuers of Shipping Certificates - Persons operating grain warehouses or shippers who desire to have such warehouses or shipping stations made regular for the delivery of grain under the Rules and Regulations shall make application for an initial Declaration of Regularity on a form prescribed by the Exchange prior to May 1, 1994, and every even year thereafter, for a two-year term beginning July 1, 1994, and every even year thereafter, and at any time during a current term for the balance of that term. Regular grain warehouses or shippers who desire to increase their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form. Initial regularity for the current term and increases in regularity shall be effective either thirty days after a notice that a bona fide application has been received is posted on the floor or the exchange, or the day after the application is approved by the Exchange, whichever is later. Applications for a renewal of regularity shall be made prior to May 1, 1994, and every even year thereafter, for the respective years beginning July 1, 1994, and every even year thereafter, and shall be on the same form.

The following shall constitute the requirements and conditions for regularity:

- (1) The warehouse or shipping station making application shall be inspected by the Registrar or the United States Department of Agriculture. Where application is made to list as regular a warehouse which is not regular at the time of such application, the applicant may be required to remove all grain from the warehouse and to permit the warehouse to be inspected and the grain graded, after which such grain may be returned to the warehouse and receipts issued therefor.

The operator of a shipping station issuing Soybean Shipping Certificates shall limit the number of Shipping Certificates issued to an amount not to exceed:

- (a) 20 times his registered total daily rate of loading barges, or in the case of Chicago, Illinois and Burns Harbor, Indiana Switching Districts, his registered storage capacity,
- (b) and a value greater than 25 percent of the operator's net worth.

The shipper issuing Soybean Shipping Certificates shall register his total daily rate of loading barges at his maximum 8 hour loadout capacity in amount not less than:

- (a) one barge per day at each shipping station within the Lockport-Seneca Shipping District, within the Ottawa-Chillicothe Shipping District, within the Peoria-Pekin Shipping District, within the Havana-Grafton Shipping District, and within the St. Louis-East St. Louis and Alton Switching Districts, and
  - (b) three barges per day at each shipping station in the Chicago, Illinois and Burns Harbor, Indiana Switching District.
- (2) Shippers located in the Chicago, Illinois and Burns Harbor, Indiana Switching District shall be connected by railroad tracks with one or more railway lines.

1081.01(3) through 1081.01(12)G(8) - (see 1081.01(3) through 1081.01(12)G(8))

10S81.01(12)G(9) In the event that it has been announced that river traffic will be obstructed for a period of fifteen days or longer as a result of one of the conditions of impossibility listed in regulation 1081.01(12)(G)(8) and in the event that the obstruction will affect a majority of regular shipping stations, then the following barge load-out procedures for soybeans shall apply to shipping stations upriver from the obstruction:

- (a) The maker and taker of delivery may negotiate mutually agreeable terms of performance.
- (b) If the maker and/or the taker elect not to negotiate mutually agreeable terms of performance, then the maker is obligated to provide the same quantity and like quality of grain pursuant to the terms of the shipping certificate(s) with the following exceptions and additional requirements:
  - (i) The maker must provide loaded barge(s) to the taker on the Illinois River between the lowest closed lock and St. Louis, inclusive, or on the Mid-Mississippi River between Lock 11 at Dubuque, Iowa and St. Louis, inclusive.
  - (ii) The loaded barge(s) provided to the taker must have a value equivalent to C.I.F. NOLA, with the maker of delivery responsible for the equivalent cost, insurance and freight.
  - (iii) The taker of delivery shall pay the maker 18 cents per bushel for Chicago and Burns Harbor Switching District shipping certificates, 16 cents per bushel for Lockport-Seneca District shipping certificates, 15 1/2 cents per bushel for Ottawa-Chillicothe District shipping certificates, 15 cents per bushel for Peoria-Pekin District shipping certificates, and 14 1/2 cents per bushel for Havana-Grafton District shipping certificates as a reimbursement for the cost of barge freight.
- (c) In the event that the obstruction or condition of impossibility listed in regulation 1081.01(12)(G)(8) will affect a majority of regular shipping stations, but no announcement of the anticipated period of obstruction is made, then shipment may be delayed for the number of days that such impossibility prevails.

10S81.01(13) Location - For the delivery of Soybeans, regular warehouses or shipping stations may be located within the Chicago Switching District or within the Burns Harbor, Indiana Switching District or within the Lockport-Seneca Shipping District or within the Ottawa-Chillicothe Shipping District or within the Peoria-Pekin Shipping District or within the Havana-Grafton Shipping District or in the St. Louis-East St. Louis and Alton Switching Districts.

No such warehouse or shipping station within the Chicago Switching District shall be declared regular unless it is conveniently approachable by vessels of ordinary draft and has customary shipping facilities. Ordinary draft shall be defined as the lesser of (1) channel draft as recorded in the Lake Calumet Harbor Draft Gauge, as maintained by the Corps of Engineers, U.S. Army, minus one (1) foot, or (2) 20 feet.

Delivery in Burns Harbor must be made "in store" in regular elevators or by shipping certificate at regular shipping stations providing water loading facilities and maintaining water depth equal to normal seaway draft of 27 feet.

In addition, deliveries of grain may be made in regular elevators or shipping stations within the Burns Harbor Switching District PROVIDED that:

- (a) When grain represented by shipping certificates is ordered out for shipment by a barge, it will be the obligation of the party making delivery to protect the barge freight rate from the Chicago Switching District (i.e. the party making delivery and located in the Burns Harbor Switching District will pay the party taking delivery an amount equal to all expenses for the movement of the barge from the Chicago Switching District, to the Burns Harbor Switching District and the return movement back to the Chicago Shipping District).

If inclement weather conditions make the warehouse or shipping station located in the Burns Harbor Switching District unavailable for barge loadings for a period of five or more calendar days, the party making delivery will make grain available on the day following this five calendar day period to load into a barge at one mutually agreeable water warehouse or shipping station located in the Chicago Switching District; PROVIDED that the party making delivery is notified on the first day of that five-day period of inclement weather that the barge is available for movement but cannot be moved from the Chicago Switching District to the Burns Harbor Switching District, and is requested on the last day of this five day calendar period in which the barge cannot be moved.

- (b) When grain represented by shipping certificates is ordered out for shipment by vessel, and the party taking delivery is a recipient of a split delivery of grain between a warehouse or shipping station located in Burns Harbor and a warehouse or shipping station in Chicago, and the grain in the Chicago warehouse or shipping station will be loaded onto this vessel; it will be the obligation of the party making delivery at the request of the party taking delivery to protect the holder of the shipping certificates against any additional charges resulting from loading at one berth in the Burns Harbor Switching District and at one berth in the Chicago Switching District as compared to a single berth loading at one location. The party making delivery, at his option, will either make the grain available at one water warehouse or shipping station operated by the party making delivery and located in the Chicago Switching District for loading onto the vessel, make grain available at the warehouse or shipping station in Burns Harbor upon the surrender of shipping certificates issued by other regular elevators or shipping stations located in the Chicago Switching District at the time vessel loading orders are issued, or compensate the party taking delivery in an amount equal to all applicable expenses, including demurrage charges, if any, for the movement of the vessel between a berth in the other switching district. On the day that the grain is ordered out for shipment by vessel, the party making delivery will declare the regular warehouse or shipping station in which the grain will be available for loading.

Delivery within the Lockport-Seneca Shipping District or within the Ottawa-Chillicothe Shipping District or within the Peoria-Pekin Shipping District or within the Havana-Grafton Shipping District must be made at regular shipping stations providing water loading facilities and maintaining water depth equal to the draft of the Illinois River maintained by the Corps of Engineers.

Delivery in the St. Louis-East St. Louis and Alton Switching District must be made at regular shipping stations providing water loading facilities and maintaining water depth equal to the draft of the Mississippi River maintained by the Corps of Engineers. (12/01/00)

10S81.01(14) Billing - (see 1081.01(14)A and 1081.01(14)F)

10S81.01(15) through 10S81.01(17) - (see 1081.01(15) through 1081.01(17))  
(11/01/01)

S1081.01A Inspection - (see 1081.01A) (08/01/98)

S1081.01B Billing When Grain is Loaded Out - (see 1081.01B) (08/01/98)

S1081.01C Car Specified Capacity - (see 1081.01C) (08/01/98)

S1082.01 Insurance - (see 1082.00) (08/01/98)

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S1083.01 Variation Allowed - (see 1083.00) (08/01/98)

S1083.02 Excess or Deficiency in Quantity - (see 1083.01) (08/01/98)

S1084.01 Revocation, Expiration or Withdrawal of Regularity - (see 1084.01)  
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Ch11 Trading Conditions

1101.00 Authority - On or after January 30, 1950, trading in Crude Soybean Oil futures may be conducted under such terms and conditions as may be prescribed by Regulation. 801 (09/01/94)

1102.01 Application of Regulations - Transactions in Crude Soybean Oil futures shall be subject to the general rules of the association as far as applicable and shall also be subject to the Regulations contained in this Chapter which are exclusively applicable to trading in Crude Soybean Oil. 2000 (09/01/94)

1104.01 Unit of Trading - The unit of trading for Crude Soybean Oil shall be 60,000 pounds. Bids and offers may be accepted in lots of 60,000 pounds or multiples thereof. For trading purposes, one tank car shall be equivalent to 60,000 pounds. 2003 (09/01/94)

1105.01 Months Traded In - Trading in Crude Soybean Oil may be conducted in the current month and any subsequent months. 2004 (09/01/94)

1106.01 Price Basis - All prices of Crude Soybean Oil shall be basis Decatur, Illinois in multiples of 1/100th of one cent per pound. Contracts shall not be made on any other price basis. 2005 (09/01/94)

1107.01 Hours of Trading - The hours of trading for future delivery in Crude Soybean Oil shall be from 9:30 a.m. to 1:15 p.m. except that on the last day of trading in an expiring future the hours with respect to such future shall be from 9:30 a.m. to 12 o'clock noon subject to the provisions of the second paragraph of Rule 1007.00. Market shall be opened and closed with a public call made month by month, conducted by such persons as the Regulatory Compliance Committee shall direct. 2007 (09/01/94)

1108.01 Trading Limits - (See 1008.01) (09/01/94)

1108.01A Trading Limits - (See 1008.01A) (09/01/94)

1109.01 Last Day of Trading - No trades in Crude Soybean Oil futures deliverable in the current month shall be made after the business day preceding the 15th calendar day of that month and any contracts remaining open may be settled by delivery after trading in such contracts has ceased; and, if not previously delivered, delivery must be made on the last business day of the month. 2008 (01/01/00)

1109.02 Trading in the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased in accordance with Regulation 1109.01 of this Chapter, outstanding contracts for such delivery may be liquidated by means of (a bona fide) exchange of such current futures for the (actual) cash commodity. 2009 (08/01/98)

1110.01 Margin Requirements - (See Regulation 431.03) (09/01/94)

1111.01 Disputes - All disputes between interested parties may be settled by arbitration as provided in the Rules and Regulations. 2011 (09/01/94)

1112.01 Position Limits and Reportable Positions - (See 425.01) (09/01/94)

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1136.01 Standards - The contract grade for delivery on futures contracts made under these Regulations shall be Crude Soybean Oil which conforms to the following specifications:

- (a) It shall be one of the following types: Expeller pressed, expeller pressed degummed, solvent extracted, or solvent extracted degummed. Mixtures of one type with any other type shall not be deliverable;
- (b) It shall contain not more than 0.3% moisture and volatile content;
- (c) It shall be lighter in green color than Standard "A" and when refined and bleached shall produce a refined and bleached oil of not deeper color than 3.5 red on the Lovibond scale;
- (d) It shall refine with a loss not exceeding 5% as determined by the "neutral oil" method;
- (e) It shall have a flash point not below 250 degrees Fahrenheit, closed cup method;
- (f) It shall contain no more than 1.5% unsaponifiable matter (exclusive of moisture and volatile matter).

No lower grade shall be delivered in satisfaction of contracts for future delivery. A higher grade may be delivered at contract price except that where the refining loss is less than 5% as determined by the "neutral oil" method, a premium of one percent of the cash market price at the time of loading shall be paid for each one percent under the 5% loss (fractions figured throughout) with a maximum credit of 41-2%.

American Oil Chemists' Society methods shall be followed for sampling and analysis for all tests, except for determining green color, which test shall be the National Soybean Processors Association tentative method.

A tolerance of 150 lbs. of sludge shall be allowed for each trading unit of 60,000 lbs. If the car contains more than 150 lbs. of sludge or if a truck contains more than 125 lbs. of sludge, an allowance shall be made to the Buyer for a total amount of sludge up to 1,000 lbs. at 50% of the price at time of unloading car. Sludge in excess of 1,000 lbs. shall be allowed for at the price at time of unloading car.

Sludge shall be considered to be solid residue which cannot be pumped and squeegeed from the car for the net out-turn weight. 2002 (09/01/94)

1136.02 United States Origin Only - Effective September 1, 1992, a futures contract for the sale of soybean oil shall be performed on the basis of United States origin only upon written request by a taker of delivery at the time loading orders are submitted. (09/01/94)

1137.01 Official Chemist's Certificates - Certificates for quality analysis by any Official Chemists shall be acceptable and binding on all parties except as otherwise provided.

The official chemists are Woodson-Tenent Laboratories with laboratories located at Memphis, Tenn. and Des Moines, Ia. and Barrow-Agee Laboratories, Memphis, Tenn. 2029 (10/01/01)

1138.01 Sampling - Samples shall be drawn at time of loading by Official Samplers licensed by the Exchange. The Official Sample shall be 2 one-quart and 1 half-gallon samples. These portions should be packaged in clean, dry and new containers. Either tinned metal containers or high density polyethylene bottles fitted with metal caps having oil resistant cap liners are acceptable. Polyethylene containers must be enclosed for shipping in custom-made, close fitting cardboard containers. The sample must be drawn at the time of loading in accordance with A.O.C.S. Official Method for sampling crude oils (C1-47-Continuous Flow and Trier methods) and shall be so indicated on invoice. If the Shipper neglects to provide such a sample at the time of loading or fails to show on invoice that an Official Sample has been taken, a sample drawn at destination shall be official when taken in accordance with the A.O.C.S. Official Methods as noted above. Shipper shall forward to Consignee one of the one-quart portions at no expense to Consignee within one working day of completion of loading and label of sample must designate type of oil and plant destination. The one-half gallon portion (third portion) is to be retained by Shipper as the referee sample for a minimum of thirty days

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after loading.

Each sample must be accompanied by a certificate in the following form:

Board of Trade of the City of Chicago

OFFICIAL SAMPLERS CERTIFICATE

I hereby certificate that sample marked \_\_\_\_\_ was drawn by me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, within 24 hours after loading tank car or truck in accordance with the requirements of Regulation 1138.01 of the Board of Trade of the City of Chicago, and that it is a fair and true sample of the contents of:

Car/Truck No. (and initial) \_\_\_\_\_, located at \_\_\_\_\_ containing approximately \_\_\_\_\_ pounds, of \_\_\_\_\_

\_\_\_\_\_  
(Expeller pressed. Expeller pressed degummed, Solvent Extracted, \_\_\_\_\_ type Crude Soybean Oil. Solvent Extracted Degummed)

\_\_\_\_\_  
Solvent used.  
That sample was taken in a manner prescribed by the American Oil Chemists Society.

\_\_\_\_\_  
OFFICIAL SAMPLER

2023  
(01/01/00)

1139.01 Weighing - On all deliveries, the weight as determined by an Official Weigher shall be binding on all interested parties. Due allowance shall be made to cover the loss of weight due to sampling, if sample is drawn from weighing. An official weigher is a person or agency approved by the Exchange. 2024 (09/01/94)

1140.01 Grading - Shipper shall have option, and advise warehouse receipt holder of his selection at time of receipt of loading instructions, of having grade determined by one of the following methods:

- A. Official Chemist Analysis, shipper to pay the cost.
- B. Comparison between consignee's and shipper's analyses.
  - 1. Each party must mail to other party his analysis within 15 days after bill of lading date.
  - 2. If parties do not agree as to quality (refining loss excepted) either one may request analysis by Official Chemist. The findings of the Official Chemist shall be binding on both parties and the cost of such analysis shall be charged to the party against whom the decision results.
  - 3. In case of refining loss, based on the "neutral oil" method, if the difference is not over three tenths of one percent the settlement shall be made on the average of the two, otherwise the retained sample shall be sent to Official Chemist for analysis. If the Official Chemist's results are the mean of the shippers' and consignees' analyses, then the cost shall be shared equally; otherwise, the cost shall be charged to the party against whom the decision results. 2025 (09/01/94)

\*1141.01 Delivery Points - Crude Soybean Oil may be delivered in satisfaction of Soybean Oil futures contracts from regular warehouses located in Illinois Territory, Eastern Territory, Eastern Iowa Territory, Southwest Territory, Western Territory or [Northwest] Northern Territory as defined in this \_\_\_\_\_ regulation and at the following price differentials:

- (a) Illinois Territory (That portion of the state of Illinois north of latitude 38(degrees)00' N.) . . . at contract price.
- (b) Eastern Territory (Those portions of the states of Indiana and Kentucky west of the Ohio-Indiana border and its extension and north of latitude 38(degrees)00'N.) . . . at 40/100ths of one cent per pound under contract price.
- (c) Eastern Iowa Territory (That portion of the state of Iowa east of longitude 93(degrees)50'W.) . . . at 10/100ths of one cent per pound under contract price.
- (d) Southwest Territory (Those portions of the states of Missouri and Kansas north of latitude 38(degrees)00'N. and east of longitude 97(degrees)00'W.) . . . at 15/100ths of one cent per pound over contract price.
- (e) Northwest Territory (Those portions of the state of Minnesota south of latitude 45 (degrees) 10'N., South

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Dakota south of latitude 45 (degrees) 10N., and east of 979 (degrees)00'W., Iowa west of longitude 93 (degrees)50'W., and Nebraska east of longitude 97 (degrees)00'W.). . . at 55/100ths of one cent per pound under contract price.]

- (f) Western Territory (Those portions of the states of Iowa west of  
-----  
longitude 93 E 50' W., and Nebraska east of longitude 97 E 00' W.)... at  
-----  
XX/100ths of one cent per pound under contract price.  
-----
- (g) Nothern Territory (Those portions of the state of Minnesota south of  
-----  
latitude 45 E 10' N., and South Dakota south of latitude 45 E 10' N., and  
-----  
east of 97 E 00' W.)... at XX/100ths of one cent per pound under contract  
-----  
price.  
-----
- (h) For a given soybean crop year ending August 31, excluding the period  
-----  
September 1 through December 31, and for a given Soybean Oil futures  
-----  
delivery territory except the "Illinois Territory:" when the weekly (as of  
Friday) cumulative average ratio of outstanding Soybean Oil Warehouse  
Receipts to CBOT maximum 24 hour soybean crushing capacity within that  
Soybean Oil futures delivery territory, relative to that ratio for the  
combined remaining Soybean Oil territories, is less than or equal to 0.5,  
payment for Warehouse Receipts issued from that Soybean Oil territory will  
be at a premium of 10 cents per hundredweight over contract price in  
addition to the delivery territorial differential adjustment.
- (i) For a given soybean crop year ending August 31, excluding the period  
-----  
September 1 through December 31, when the "Illinois Territory's" weekly (as  
-----  
of Friday) cumulative average ratio of outstanding Soybean Oil Warehouse  
Receipts to maximum CBOT 24 hour soybean crushing capacity within the  
Illinois Soybean Oil futures delivery territory, relative to that ratio for  
the combined remaining Soybean Oil territories, is less than or equal to  
0.5, payment for Warehouse Receipts issued from all other Soybean Oil  
territories will be at a discount of 10 cents per hundredweight under  
contract price in addition to the delivery territorial differential  
adjustments.
- (j) For a given soybean crop year ending August 31, excluding the period  
-----  
September 1 through December 31, and for a given Soybean Oil futures  
-----  
delivery territory except the "Illinois Territory," when the weekly (as of  
Friday) cumulative average ratio of outstanding Soybean Oil Warehouse  
Receipts to CBOT maximum 24 hour soybean crushing capacity within that  
Soybean Oil futures delivery territory, relative to that ratio for the  
combined remaining Soybean Oil territories, is greater than or equal to  
2.0, payment for Warehouse Receipts issued from that Soybean Oil territory  
will be at a discount of 10 cents per hundredweight under contract price in  
addition to the delivery territorial differential adjustment.
- (k) For a given soybean crop year ending August 31, excluding the period  
-----  
September 1 through December 31, when the "Illinois Territory's" weekly (as  
-----  
of Friday) cumulative average ratio of outstanding Soybean Oil Warehouse  
Receipts to CBOT maximum 24 hour soybean crushing capacity within the  
Illinois Soybean Oil futures delivery territory, relative to that ratio for  
the combined remaining Soybean Oil territories, is greater than or equal to  
2.0, payment for Warehouse Receipts issued from all other Soybean Oil  
territories will be at a premium of 10 cents per hundredweight over  
contract price in addition to the delivery territorial differential  
adjustments.
- (l) Items [(f) through (i)](g) through (j) of Regulation 1141.01 shall apply to  
-----  
all CBOT Soybean Oil futures contracts delivered during a one calendar year  
period beginning with January following the soybean crop year ending August  
31, provided t hat there are on a weekly average at least 150 outstanding  
Soybean Oil Warehouse Receipts in all Soybean Oil delivery territories  
combined during that previous soybean crop year.
- (m) Based on the adjustments made to territorial delivery differentials during  
-----  
a given calendar year as outlined in items [(f) through (j)](g) through (k)  
-----  
of Regulation 1141.01, the CBOT shall announce and publish by September 15  
of that given calendar year new territorial delivery differentials  
applicable to all Soybean Oil futures contracts delivered during the next  
calendar year. 2015 (01/01/03)

\* Additions underlined; deletions bracketed for contracts from January  
2004 forward.

1142.01 Deliveries By Warehouse Receipts - Except as otherwise provided,  
deliveries on Crude Soybean Oil shall be made by delivery of warehouse receipts

issued by warehouses which have been approved and designated as regular warehouses by the Exchange for the storage of Crude Soybean Oil. The warehouse receipt shall be accompanied by insurance certificates or the warehouse receipt marked "insured". In order to effect a valid delivery each warehouse receipt must be endorsed by the holder making the delivery. 2012 (06/01/01)

1143.01 Registration of Warehouse Receipts - Warehouse receipts, in order to be eligible for delivery, must be registered with the Official Registrar. Registration of warehouse receipts shall also be subject to the following requirements:

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- (a) Warehousemen who are regular for delivery may register warehouse receipts at any time. If the warehouseman determines not to tender the warehouse receipt by 4:00 p.m. on the day it is registered, the warehouseman shall declare the receipt has been withdrawn but is to remain registered by transmitting to the Registrar the warehouse receipt number and the name and location of the warehouse facility. The holder of a registered warehouse receipt may cancel its registration at any time. A warehouse receipt which has been canceled may not be registered again.
- (b) No notice of intention to deliver a warehouse receipt shall be tendered to the Clearing House unless said warehouse receipt is registered and in the possession of the Clearing House member tendering the notice or unless a warehouse receipt is registered and outstanding. When a notice of intention to deliver a warehouse receipt has been tendered to the Clearing House, said warehouse receipt shall be considered "outstanding".
- (c) From his own records, the Registrar shall maintain a current record of the number of warehouse receipts that are registered and shall be responsible for posting this record on the Exchange Floor and CBOT website. The record shall not include any receipts that have been declared withdrawn.
- (d) When a regular warehouseman regains control of a registered warehouse receipt issued against stocks in one of his regular warehouses, which in any manner relieves him of the obligation to loadout crude soybean oil upon demand of a party other than himself, the warehouseman shall by 4:00 p.m. of that business day either cancel the registration of said warehouse receipt or declare that said warehouse receipt is withdrawn but is to remain registered by transmitting to the Registrar the warehouse receipt number and the name and location of the regular warehouse, except in the case where a notice of intention to redeliver said warehouse receipt for the warehouseman has been tendered to the Clearing House by 4:00 p.m. of the day that the warehouseman regained control of said warehouse receipt.
- (e) The Registrar shall not divulge any information concerning the registration, delivery or cancellation of warehouse receipts other than the record posted on the Exchange Floor and the CBOT website, except that he shall issue a weekly report showing the total number of registered warehouse receipts as of 4:00 p.m. on the last trading day of each week. In addition to the information posted on the Exchange Floor and CBOT website, this weekly report will show the names of warehousemen whose warehouse receipts are registered and the location of the warehouses involved. The report shall not include any receipts that have been declared withdrawn. 2013 (11/01/02)

1144.01 Receipt Format - The following form of warehouse receipt shall be used:

Date \_\_\_\_\_

No. \_\_\_\_\_

Received in store \_\_\_\_\_, 20\_\_\_\_\_, in \_\_\_\_\_

Warehouse, located at \_\_\_\_\_

in the Illinois \_\_\_\_\_ Territory, \_\_\_\_\_ pounds

Eastern \_\_\_\_\_

Eastern Iowa \_\_\_\_\_

Southwest \_\_\_\_\_

Northwest \_\_\_\_\_

of Crude Soybean Oil under standards of the Board of Trade of the City of Chicago, which will be delivered, subject to and in conformity with the Rules and Regulations of the Board of Trade of the City of Chicago, to the order of

upon surrender of this receipt and payment of all charges.

This oil is stored subject to the provisions of the laws of the State in relation to warehousemen, any applicable Federal Laws, and subject to the Rules and Regulations of the Board of Trade of the City of Chicago, as filed with the Commodity Exchange Authority.

The warehouseman acknowledges that the oil so received into store complies with the requirements of said Rules and Regulations of the Board of Trade of the City of Chicago and that said oil is tenderable on contracts for future delivery made

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under said Rules and Regulations.

The warehouseman states that at the warehouseman's own expense said oil is insured and will be kept insured for the current market value against loss or damage from fire, lightning and/or any of the contingencies covered in the standard extended coverage form for the benefit of the holder of this receipt.

Storage rates of \_\_\_\_\_ per hundred pounds, per day shall include the cost of insurance. The cost of loading into tank cars shall be \_\_\_\_\_ of 1(cent) per pound. The cost of loading into trucks shall be \_\_\_\_\_ of 1(cent) per pound.

The warehouseman claims a lien for the following:

All storage charges have been paid on Crude Soybean Oil covered by this receipt up to and including the last date endorsed below.

Storage Payments

_____	By _____	_____
		Company
_____	By _____	By _____
		Registration of this
		Receipt must be
		anceled before
_____	By _____	property can be
		released

2034

(01/01/00)

1145.01 Lost or Destroyed Negotiable Warehouse Receipts - (See Regulation 1045.01) (04/01/00)

1146.01 Date of Delivery - Where Crude Soybean Oil is sold for delivery in a specified month, delivery of such Crude Soybean Oil may be made by the Seller upon such day of the specified month as the Seller may select. If not previously delivered, delivery must be made upon the last business day of the month. 2017 (09/01/94)

1147.00 Delivery Notice - (See 1047.00) (09/01/94)

1147.01 Delivery Notices - (See 1047.01) (09/01/94)

1148.00 Method of Delivery - (See 1048.00) (09/01/94)

1149.00 Time of Delivery, Payment, Form of Delivery Notice - (See 1049.00) (09/01/94)

1149.02 Buyers' Report of Eligibility to Receive Delivery - (See 1049.02) (09/01/94)

1149.03 Sellers' Invoice to Buyers - (See 1049.03) (09/01/94)

1149.04 Payment - (See 1049.04) (09/01/94)

1150.00 Duties of Members - (See 1050.00) (09/01/94)

1151.01 Office Deliveries Prohibited - No office deliveries of warehouse receipts may be made by members of the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it receives from its customers who are short. 2009 (09/01/94)

1154.00 Failure to Accept Delivery - (See 1054.00) (09/01/94)

1156.01 Storage Charges - No Soybean Oil Warehouse Receipts shall be valid for delivery on future contracts unless the storage charges shall have been paid up to and including the 18/th/ day of the preceding month and such payment endorsed on the Soybean Oil Warehouse Receipt unless registration is at a later date. Unpaid accumulated storage charges at the posted tariff applicable to the warehouse where the soybean oil is stored shall be allowed and credited to the buyer by the seller to and including date of delivery.

If storage rates are not paid on-time up to and including the 18/th/ calendar day preceding the delivery month of July and by the first calendar day of this delivery month, a late charge will apply. The late charge will be an amount equal to the total unpaid accumulated storage rates multiplied by the "prime interest rate" in effect on the day that the accrued storage rates are paid, all multiplied by the number of calendar days that storage is overdue, divided by 360 days. The term "prime interest rate" shall mean the lowest of the rates announced by each of the following four banks at Chicago, Illinois, as its "prime rate": Bank of America-Illinois, Bank One, Harris Trust & Savings Bank, and the Northern Trust Company.

The storage rates on Crude Soybean Oil shall not exceed 3/10th of one cent per day per 100 pounds. When shipper schedules tank car loading, storage shall continue through the date of surrender of a properly cancelled warehouse receipt and shall begin again on the sixth day after surrender date if loading has not been completed and continue until the oil has been loaded. When shipper schedules truck loading storage, charges shall continue through the date of loading. Regular Soybean Oil warehousemen shall maintain in the immediate vicinity of the Exchange either an office, or duly authorized representative or agent approved by the Exchange, to whom Soybean Oil Storage charges may be paid. 2033 (06/01/01)



1156.02 Storage, Car Rental, Etc. - Except as otherwise provided, all charges  
for storage, car

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rental, etc., shall remain the responsibility of the Seller until payment is made. Payment is to be made by a check drawn on and certified by a Chicago bank or by a Cashier's check issued by a Chicago bank. 2020 (09/01/94)

1156.03 Fees - Sampling: The charge for drawing Official samples shall be \$5.00 for each tank car or truck on inbound shipments to a warehouse.

If sampling is ordered at a location where an Official Sampler is not regularly located, all extra costs must be paid by the party ordering the sample.

These charges shall include the cost of delivering the samples to the Official Chemists. 2028 (09/01/94)

1156.04 Loading Charges - The maximum charge for loading tank cars at delivery point shall not exceed 1/40/th/ of one cent per pound and the combined charge for unloading and loading tank cars at delivery point shall not exceed 1/10/th/ of one cent per pound including heating. The maximum charge for loading tank trucks at delivery point shall not exceed 1/25/th/ of one cent per pound.  
(06/01/01)

Ch11 Regularity of Warehouses

\*1180.01 Duties of Warehouse Operators - It shall be the duty of the operators of all regular warehouses:

- (a) To accept Crude Soybean Oil for delivery on Chicago Board of Trade contracts, provided such Crude Soybean Oil is of contract grade when received at such warehouses, and all space in such warehouses is not already filled or contracted for, to pay no premium on refining loss but to receive allowance for sludge. All inbound freight (including the transit charge necessary to obtain the transit balance rate) shall be prepaid by the depositor of the oil. Upon surrender of the inbound billing to the warehouseman the depositor of the oil shall be furnished with a regular Board of Trade Warehouse Receipt endorsed thereon with the transit balance freight to New York.
- (b) To notify the Exchange of any change in the condition of their warehouses.
- (c) To insure soybean oil covered by warehouse receipts tendered for delivery against the contingencies provided for in a standard "All Risks" policy (including earthquake) to such an extent and in such amounts as required by the Exchange.

Any loss or damage to oil caused by leakage or discharge from the storage facilities resulting from the cracking, rupture, bursting, collapse, subsidence or disruption of the containing system, or the negligence of the warehouse operator shall be for the account of the warehouse operator, unless such loss or damage by leakage or discharge from the storage facilities is due to causes required to be insured against under this Regulation.

- (d) To furnish the Exchange with either a copy of the current insurance policy or policies, or a written confirmation from the insurance company that such insurance has been effected.
- (e) To advise the holder of the warehouse receipts when oil is tendered on a futures contract. the freight rate on the oil upon request to New York, N.Y., or to any other specific destinations; and to forward the oil on the basis of these rates whenever shipping instructions are received if orders are received within three days.
- (f) To register their daily load-out rate in jumbo rail tank car equivalents (minimum of 4) with the Exchange. Warehouse Operators shall limit warehouse receipts issued to an amount of soybean oil equal to the lesser of their approved regular space or 30 times the registered daily loading rate for jumbo tank cars times [152,500] 185,000 pounds.  
-----
- (g) To ship oil ordered out of the warehouses in Buyer's tank cars, if so arranged and to begin loading out soybean oil on or before the third business day following the date the car is ready for loading or the receipt is cancelled, whichever occurs later, at a daily rate per business day equal to the equivalent of shipper's registered daily rate of loading jumbo rail tank cars.

All rail loading orders received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Rail loading orders received after 2:00 p.m. on a business day shall be considered dated the following business day. When loading against rail loading orders and shipping instructions received by a shipper prior to 2:00 p.m. on a given business day, as determined hereunder, cannot be completed on the third following business day, the shipper shall allocate daily loading against such loading orders as equitably as possible on a pro-rata basis on subsequent business days. Loading against all rail orders scheduled for a given business day shall be completed before loading of any orders scheduled for a subsequent business day.

- (h) To load each tank car to its stenciled capacity upon surrender of sufficient warehouse receipts tendered on futures contracts. Any excess or deficiency from amount of warehouse receipt shall be settled at market price as of date of loading. Warehouse to make sight draft on shipper with Bill of Lading attached for any amounts due them in connection with loading oil, including premium for refining loss, unless otherwise mutually agreed.
- (i) To hold tank car after loading free of expense to shipper (except for car rental) until grade is

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ascertained, and if grade is not of contract grade to unload car and reload oil of contract quality free of expense to shipper, and at all times to keep oil fully insured until car is released to railroad.

- (j) To ship oil ordered out of the warehouse in Buyer's tank truck, if so arranged, and to load the oil at a daily rate per business day equal to the equivalent of shipper's registered daily rate of loading for jumbo rail tank cars.

All truck loading orders received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Truck orders received after 2:00 p.m. on a business day shall be considered dated the following business day.

When loading orders are received by 2:00 p.m. of any given business day, the shipper will advise the owner by 4:00 p.m. the same day of loading dates and tonnage due. Notification will be by telephone, telegraph or teletype.

When a shipper has received one or more truck loading orders he shall begin loading against them not later than the third business day following their receipt. When loading against loading orders and shipping instructions received by a shipper prior to 2:00 p.m. on a given business day cannot be completed on the third following business day shipper shall allocate daily loadings against such loading orders as equitably as possible on a pro rata basis on subsequent business days.

Loading against all truck orders scheduled for a given business day shall be completed before loading begins on any orders scheduled for a subsequent business day. Warehouseman will load tank trucks as promptly as possible on the day scheduled. Under no conditions will warehouseman be responsible for truck demurrage as long as it is loaded on day scheduled. Additional loadings may be arranged for by mutual agreement.

- (k) Notwithstanding any other provisions of this Regulation, on days when both rail cars and trucks are loaded, the warehouseman shall be required to load at a minimum daily rate equal to the equivalent of shipper's registered daily rate of loading rail tank cars.

All rail and truck loading orders received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Loading orders received after 2:00 p.m. on a business day shall be considered dated the following business day. When loading against loading orders and shipping instructions received by a shipper prior to 2:00 p.m. on a given business day, as determined hereunder, cannot be completed on the third following business day, the shipper shall allocate daily loading against such loading orders as equitably possible on a pro-rata basis on subsequent business days. Loading against orders scheduled for a given business day shall be completed before loading of any orders for a subsequent business day.

- (l) To keep stock of Crude Soybean Oil in storage in balance with oil represented by outstanding warehouse receipts.

It shall be the privilege of all regular warehouses to mingle or store together oil which is tenderable on contracts for future delivery under these Regulations, with other oil of like type and to deliver on loading orders oil of any contract type. 2031

- (m) Certification of Soybean Oil - Effective September 1, 1992 and upon written request by a taker of delivery at the time loading orders are submitted for the delivery of soybean oil against canceled warehouse receipts, the delivery warehouseman shall certify in writing to the taker of delivery on the day that the transportation conveyance is loaded that the soybean oil is produced from soybeans of U.S. origin only. Warehouse receipts issued prior to September 1, 1992 will be deliverable against futures contracts beginning September 1992 only if the regular warehouseman provides certification on the warehouse receipt that the U.S. origin-only option is available to the taker of delivery of soybean oil. (07/01/02)

\* Addition underlined; deletion bracketed for contracts from January 2004 forward.

1180.01A Responsibility for Furnishing Tank Cars - It shall be the responsibility of the buyer of Crude Soybean Oil on a futures contract to furnish tank cars when ordering Soybean Oil shipped from a warehouse. 26R (09/01/94)

1180.01B Car Ready for Loading - Regulation 1180.01(f) A car is ready for loading when it has

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been constructively placed and when the shipper has used due diligence in preparing and placing the car on his property for loading. 30R1180.01C Transit vs. Flat Rate (09/01/94)

1180.01C Transit vs. Flat Rate Billing - If warehouseman furnishes transit billing on crude soybean oil applicable to warehouse receipts holder's destination, the warehouse receipt holder shall pay to warehouseman the difference between the transit balance rate and the flat rate. 27R (09/01/94)

1180.01D Freight Differentials - Jumbo Tank Cars - The Board of Directors at its regular meeting held on Tuesday, March 10, 1964, approved the following Ruling recommended by the Crude Soybean Oil and Soybean Meal Committee in light of the reduced rate on jumbo tank cars which became effective on February 9, 1964:

"Effective on March 1964 contracts the freight differentials in Regulations 1141.02 and 1180.02 shall be calculated on the basis of the jumbo tank car rate since it is the lowest lawful carload rate and will be applicable to warehouse receipts bearing no billing and any other warehouse receipts carrying billing that will protect the jumbo tank car rate." 36R (09/01/94)

1180.02 Transit Billing - Transit billing may be applied to shipments at warehouseman's option with warehouseman to get any advantage of such transit application; however, warehouseman must protect the lowest lawful local carload rate from point of loading stated in warehouse receipt to destination indicated in shipping instructions, and such transit billing must allow at least one additional transit beyond delivery points. 2016 (09/01/94)

1180.03 Freight Charges - A warehouseman that is not served by a Class I railroad must compensate the taker of delivery for the switching charge and/or the rail rate to the nearest Class I railroad interchange point for the movement of soybean oil beyond the interchange point by the Class I railroad, if requested by the owner of the soybean oil. The request must be in writing when loading orders and canceled warehouse receipts are presented to the warehouse. (01/01/00)

1181.01 Conditions of Regularity - Warehouses may be declared regular for the delivery of Crude Soybean Oil with the approval of the Exchange. Persons operating bulk oil warehouses who desire to have such warehouses made regular for delivery of Crude Soybean Oil under the Rules and Regulations shall make application for an initial Declaration of Regularity on a form prescribed by the Exchange prior to May 1 of an even year, for a two year term beginning July 1 of that year, and at any time during a current term for the balance of that term. Regular Soybean Oil Warehouses that desire to increase their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form. Initial regularity for the current term and increases in regularity shall be effective either thirty days after a notice that a bona fide application has been received is posted by the Exchange, or the day after the application is approved by the Exchange, whichever is later. Persons operating Soybean Oil Warehouses who desire to have their daily rate of loading decreased, shall file with the Exchange a written request for such decrease. The decrease in the daily rate of loading for the facility will become effective 30 days after a notice has been posted by the Exchange or the day after the number of outstanding receipts at the facility is equal to or less than 30 times the requested rate of loading, whichever is later. Persons operating Soybean Oil Warehouses who wish to have their regular capacity space decreased shall file with the Exchange a written request for such decrease and such decrease shall be effective once a notice has been posted by the Exchange. Applications for renewal of regularity must be made prior to May 1 of even years, for the respective years beginning July 1 of those years, and shall be on the same form.

The Exchange may establish such requirements and conditions for approval of regularity as it deems necessary.

The following shall constitute the minimum requirements and conditions for regularity of Soybean Oil Warehouses:

- 1) The warehouse making application shall be inspected.
- 2) Such warehouse shall be within the limitation of an area not east of the Indiana-Ohio boundary; nor south of Louisville, KY.
- 3) Such warehouse shall be connected by railroad tracks with one or more railway lines.
- 4) The operator or manager of such warehouse shall be in good financial standing and credit, and shall meet the minimum financial requirements and financial reporting requirements set forth in Appendix 4E. No warehouse shall be declared regular until the person operating the same files a bond with sufficient sureties in such sum and subject to such conditions as the Exchange may require.
- 5) Such warehouse shall maintain on-site standard equipment and appliances for the receiving, handling, and shipping of Crude Soybean Oil in bulk, including equipment to issue official origin weight. Official origin weight may be obtained by using one of the following: (1) platform scale (either rail or truck); (2) tank scale; or (3) batch scale.



- 6) The warehouseman shall comply with the system of registration of warehouse receipts established by the Exchange. The Warehouseman shall furnish accurate information to the Exchange regarding all Crude Soybean Oil received and delivered by the warehouseman on a daily basis, and that remaining in store at the close of each week, in the form prescribed by the Exchange, with the exception of Crude Soybean Oil owned by the warehouseman.
- 7) The operator or manager of such warehouse shall permit the Exchange, at any time, to examine the books and records of the warehouse for the purpose of ascertaining the stocks of Crude Soybean Oil which may be on hand at any time. The Exchange shall have the authority to determine the quantity of Crude Soybean Oil in the warehouse and to compare the books and records of the warehouse with the records of the Exchange.
- 8) The warehouseman operating such warehouse shall not engage in unethical or inequitable practices, and shall comply with all applicable laws, Federal or State, or Rules or Regulations promulgated under those laws.
- 9) The warehouseman shall make such reports, keep such records, and permit such warehouse visitation as the Secretary of Agriculture may prescribe, and shall comply with all applicable Rules and Regulations and orders promulgated by the Secretary of Agriculture or the Commodity Futures Trading Commission, and shall comply with all requirements made by the Exchange because of such Rules and Regulations or orders.
- 10) The operator or manager of such warehouse shall be subject to the Exchange's Rules and Regulations pertaining to arbitration procedures, as set forth in Chapter 6, and, with respect to compliance with Rules and Regulations pertaining to a warehouse's regularity, shall be subject to the Exchange's Rules and Regulations pertaining to disciplinary procedures, as set forth in Chapter 5.
- 11) The operator or manager of such warehouse shall consent to the disciplinary jurisdiction of the Exchange for five years after such regularity lapses, for conduct pertaining to regularity which occurred while the warehouse was regular.
- 12) If the warehouseman leases the warehouse or has entered into some form of service arrangement pursuant to which an agent or contractor performs the daily operations of the warehouse, the warehouseman shall submit an indemnification if requested by the Exchange.
- 13) The Exchange may determine not to approve warehouses for regularity or increases in regular capacity of existing regular warehouses, in its sole discretion, regardless of whether such warehouses meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether warehouse receipts issued by such warehouses, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of Soybean Oil futures contracts or impair the efficacy of futures trading in Soybean Oil, or whether the currently approved regular capacity provides for an adequate deliverable supply. 2030 (01/01/03)

1181.02 Leasing and Service Arrangements - The warehouseman of a regular warehouse is not required to own the warehouse and may lease the facility from the owner. The warehouseman may also enter into a service arrangement pursuant to which an agent or contractor performs the daily operations of the warehouse. The warehouseman shall be responsible for the conduct of its agents or contractors.

In the event that the warehouseman is unable properly to store or load out oil for receipt holders because of another party's ownership of or control over the warehouse, the warehouseman shall, at its own expense, provide each holder of an outstanding receipt with either (a) a replacement warehouse receipt at another, mutually acceptable regular warehouse, with adjustments for differences in contract differentials or, if such replacement receipt is unavailable, (b) an equivalent quantity and quality of the soybean oil designated in the warehouse receipt at a mutually acceptable location. (09/01/94)

1184.01 Revocation, Expiration or Withdrawal of Regularity - Any regular warehouse may be declared irregular at any time if it does not comply with the conditions above set forth, or fails to carry out the prescribed duties of the warehouseman. If the designation of a warehouse as regular shall be revoked a notice of such revocation and the period of time, if any, during which the receipts issued by such house shall thereafter be deliverable in satisfaction of futures contracts in Crude Soybean Oil under the Rules and Regulations, shall be posted on the bulletin board.

In the event of revocation, expiration or withdrawal of regularity, or in the event of sale or abandonment

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of the properties where regularity is not reissued, holders of outstanding warehouse receipts shall be given thirty days to take load-out of the commodity from the facility. If a holder of an outstanding warehouse receipt chooses not to take load-out during this period, the facility must provide him with another warehouse receipt at another, mutually acceptable regular warehouse, with adjustments for differences in contract differentials. Alternatively, if such warehouse receipt is unavailable, the facility must provide the holder with an equivalent quantity and quality of the soybean oil designated in the warehouse receipt at a mutually acceptable location. 2032 (09/01/94)

1185.01 Application for Declaration of Regularity - All applications by operators of warehouses for a Declaration of Regularity under Regulation 1181.01 shall be on the following form:

WAREHOUSEMAN'S APPLICATION FOR A DECLARATION OF REGULARITY FOR THE DELIVERY OF CRUDE SOYBEAN OIL UPON CONTRACTS FOR FUTURE DELIVERY UNDER THE CHARTER, RULES AND REGULATIONS OF THE BOARD OF TRADE OF THE CITY OF CHICAGO

\_\_\_\_\_, 20\_\_\_\_\_  
BOARD OF TRADE OF THE CITY OF CHICAGO  
Chicago, Illinois  
Gentlemen:  
We, the \_\_\_\_\_ (Hereinafter called  
Warehousemen) owner or lessee of The \_\_\_\_\_  
located at \_\_\_\_\_  
in the Illinois \_\_\_\_\_ Territory,  
Eastern \_\_\_\_\_  
Eastern Iowa \_\_\_\_\_  
Southwest \_\_\_\_\_  
Northwest \_\_\_\_\_

having a storage capacity of \_\_\_\_\_ pounds of Crude Soybean Oil,  
licensed/not licensed under the Warehouse Act of the State of \_\_\_\_\_  
\_\_\_\_\_ having a bond in the sum of \_\_\_\_\_ Dollars,  
and having/not having a soybean processing plant attached with a maximum 24 hour  
crushing capacity of \_\_\_\_\_ bushels of Soybeans per day, do hereby make  
application to the Board of the Trade of the City of Chicago (hereinafter called  
Exchange) for a declaration of regularity to handle, receive, and store Crude  
Soybean Oil for delivery upon contracts for future delivery, for a period  
beginning \_\_\_\_\_ and ending midnight June 30 \_\_\_\_.

Conditions of Regularity

Such declaration of regularity, if granted, shall be cancellable by the Exchange whenever the following conditions shall not be observed:

1. The Warehouseman must:
  - (1) give such bonds to the Exchange as it may require.
  - (2) submit to the Exchange for approval with such application for a declaration of regularity, a tariff listing in detail the maximum rates for the handling and storage of Crude Soybean Oil; submit promptly to the Exchange all changes in said tariff, publish and display such tariff.  
(The maximum charge for loading tank cars at delivery point shall not exceed 1/40th of one cent per pound on any loading during the term of this application. The maximum charge for loading trucks at delivery point shall not exceed 1/25th of one cent per pound on any loading during the term of this application.)
  - (3) remove no Crude Soybean Oil from the warehouse other than oil owned by the warehouseman save at the request of the owner or owners thereof upon surrender of the warehouse receipts.
  - (4) notify the Exchange immediately of any change in capital ownership, or any reduction in total capital of 20 percent or more from the level reported in the last financial statement filed with the Exchange, or of any change of conditions of its warehouse.
  - (5) make such reports, keep such records, and permit such warehouse visitation as the Secretary of Agriculture may prescribe; comply with all applicable Rules and Regulations and orders promulgated by the Secretary of Agriculture or the Government Agency administering the Commodity Exchange Act; and comply with all requirements of the Exchange permitted or required by such Rules and Regulations or orders.
  - (6) make application for renewal of a declaration of regularity in writing on or before May 1, 1994, and every even year thereafter.
  - (7) submit an indemnification as prescribed by the Exchange if the Warehouseman leases the warehouse or has entered into some form of service arrangement pursuant to which an agent or contractor performs the daily operations of the warehouse.
  - (8) notify the Exchange immediately of any change in the maximum 24 hour crushing capacity of soybeans for a soybean processing plant attached to its warehouse.
2. The Warehouse must be:
  - (1) subject to the prescribed examination and approval of the Exchange.
  - (2) properly safeguarded and patrolled.
  - (3) connected to a railroad.
  - (4) equipped with standard equipment and appliances for the convenient and expeditious handling of Crude Soybean Oil in bulk.
3. The Warehouse and Warehouseman must conform to the uniform requirements of the Exchange as to location, accessibility, and suitability as may be prescribed by the Rules and Regulations of the Exchange.



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Agreements of Warehouseman

The Warehouseman expressly agrees:

- (1) that all Crude Soybean Oil tendered in satisfaction of futures contracts will be weighed by an Official Weigher of the Exchange.
- (2) that all Crude Soybean Oil tendered in satisfaction of futures contracts will, when shipped from warehouse, be sampled by an Official Sampler and tested in accordance with Regulation 1140.01 of the Exchange.
- (3) that all warehouse receipts shall be registered with the Registrar of the Exchange.
- (4) to fulfill the duties set forth in Regulation 1180.01 of the Exchange.
- (5) to abide by the Rules and Regulations of the Exchange relating to the warehousing of Crude Soybean Oil deliverable in satisfaction of futures contracts and the delivery thereof in satisfaction of futures contracts.
- (6) that the Exchange may cancel said declaration of regularity, if granted, for any breach of such agreements.
- (7) that the signing of this application constitutes a representation that the conditions of regularity are complied with and will be observed during the life of the declaration of regularity and, if found to be untrue, the Exchange shall have the right to cancel said declaration of regularity immediately.
- (8) to have a representative in Chicago authorized and known to the Exchange to act in matters pertaining to warehouse receipts.
- (9) to be subject to the Association's Rules and Regulations pertaining to arbitration procedures, as set forth in Chapter 6, and with respect to compliance with Rules and Regulations pertaining to regularity, to be subject to the Association's Rules and Regulations pertaining to disciplinary procedures, as set forth in Chapter 5; and to abide by and perform any disciplinary decision imposed upon it or any arbitration award issued against it pursuant to such Rules and Regulations.
- (10) to consent to the disciplinary jurisdiction of the Exchange for five years after regularity lapses for conduct pertaining to regularity which occurred while the firm was regular.

\_\_\_\_\_  
Company

By \_\_\_\_\_  
Title

Bond in the amount of \_\_\_\_\_ duly filed \_\_\_\_\_  
Date

2-35

(01/01/00)

1186.01 Regular Shippers - (See Appendix 11A) (09/01/94)

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Ch12 Trading Conditions

1201.00 Authority - On and after August 1,1951, trading in Soybean Meal futures may be conducted under such terms and conditions as may be prescribed by Regulation. 802 (09/01/94)

1202.01 Application of Regulations - Transactions in Soybean Meal futures shall be subject to the general Rules of the Association as far as applicable and shall also be subject to the Regulations contained in this Chapter which are exclusively applicable to trading in Soybean Meal. 2051 (09/01/94)

1204.01 Unit of Trading - The unit of trading for Soybean Meal shall be 100 tons (2,000 pounds per ton). Bids and offers may be accepted in lots of 100 tons of multiples thereof. 2056 (09/01/94)

1205.01 Months Traded In - Trading in Soybean Meal may be conducted in the current month and any subsequent months. 2057 (09/01/94)

1206.01 Price Basis - All prices of soybean meal shall be basis free on board cars, bulk; Decatur, Illinois, in multiples of 10 cents per ton. Contracts shall not be made on any other price basis. 2058 (09/01/94)

1207.01 Hours of Trading - The hours of trading for future delivery in Soybean Meal shall be from 9:30 A.M. to 1:15 P.M. except on the last day of trading in an expiring future the hours with respect to such future shall be from 9:30 A.M. to 12 o'clock noon subject to the provisions of the second paragraph of Rule 1007.00. Market shall be opened and closed with a public call made month by month, conducted by such persons as the Regulatory Compliance Committee shall direct. 2061 (09/01/94)

1208.01 Trading Limits - (See 1008.01) (09/01/94)

1208.01A Trading Limits - (See 1008.01A) (09/01/94)

1209.01 Last Day of Trading - No trades in Soybean Meal futures deliverable in the current month shall be made after the business day preceding the 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 the actual cash commodity, no later than the business day following the last trading day. 2063 (01/01/00)

1210.01 Margin Requirements - (See Regulation 431.03) 2065 (09/01/94)

1211.01 Disputes - All disputes between interested parties may be settled by arbitration as provided in the Rules and Regulations. 2066 (09/01/94)

1212.01 Position Limits and Reportable Positions - (See 425.01) (09/01/94)

Ch12 Delivery Procedures

1236.01 Standards - The contract grade for delivery on futures contracts made under these Regulations shall be Soybean Meal in bulk which conforms to the following specifications:

48% Protein Soybean Meal, produced by conditioning ground soybeans and reducing the oil content of the conditioned product by the use of hexane or homologous hydrocarbon solvents. Standard specifications are:

Protein	minimum 48.0%
Fat	minimum 0.5%
Fiber	maximum 3.5%
Moisture (when shipped by Processor)	maximum 12.0%

It may contain a non-nutritive inert, non-toxic conditioning agent to reduce caking and improve flowability. In an amount not to exceed that necessary to accomplish its intended effect, but in no case exceed 0.5%. The name of the conditioning agent must be shown as an added ingredient.

Testing methods shall be those approved by the Association of Official Analytical Chemists and American Oil Chemists Society. 2053 (09/01/94)

1236.02 United States Origin Only - Effective September 1, 1992, a futures contract for the sale of soybean meal shall be performed on the basis of United States origin only upon written request by a taker of delivery at the time loading orders are submitted. (09/01/94)

1237.01 Official Chemists - An official Chemist shall be any chemist who is currently designated as an Official Referee Chemist for Meal by the National Soybean Processors Association. Certificates of quality analysis by an Official Chemist shall be binding on all parties. (09/01/94)

1238.01 Sampling - The official sample will be taken at origin by Automatic Mechanical Sampler (A.O.C.S. Official Method BA 1-38, Rev. 1966) or Pneumatic Probe Sampler (A.O.C.S. Official Method BA 1-38, Rev. 1966). Shipper shall, on the next business day after loading, mail a portion of the official sample in an air tight container properly identified to the owner at an address specified by the owner when he submits loading orders.

Any shipment testing 12.5% moisture or less based on official sample shall not be subject to rejection or penalty on account of moisture content. Penalty for excess moisture:

Excess moisture two times delivered market price on date of shipment for excess moisture from 12% to 13% and 21-2 times delivered market price on date of shipment for excess moisture above 13%.

Any shipment testing no more than 0.3% of fiber above the fiber specification (based on official sample adjusted to 12% moisture) shall not be subject to rejection or penalty on account of fiber content. When the amount of fiber exceeds 3.8% (based on official sample adjusted to 12% moisture), the shipment shall be discounted 1.0% of the delivered market price on date of shipment for each 0.1% fiber in excess of 3.5%.

Any shipment of soybean meal testing within 0.5% of protein below 48% protein (basis official sample moisture 12.0% or less; protein to be calculated on 12.0% moisture basis if official sample moisture exceeds 12.0%) shall not be subject to rejection or penalty on account of protein content. Protein deficiency claims shall be settled between the parties on the basis of two times the delivered market price per unit of protein on date of shipment and shall be calculated on the same moisture basis as for protein rejection.

If the owner's analysis of the official sample indicates quality deficiency, the owner shall submit his analysis and claim in writing to the shipper within 30 days after arrival of car. The shipper shall, within five (5) business days, after receipt of the owner's analysis and claim, report his analysis of the official sample to the owner. In the event that the owner and the shipper do not reach agreement on analysis and/or settlement, the third portion of the official sample shall be sent to an Official Chemist and his analysis will be binding upon both parties for final settlement. The expense of the analysis will be borne

by the party in error.

If the owner and the shipper cannot agree that the official sample is representative of the shipment, a representative sample shall be obtained at destination by a disinterested qualified person mutually agreed upon by the owner and shipper. Such destination sample must be obtained within 24 hours of arrival and prior to unloading. "Constructive placement" shall be considered arrival at destination. The official procedure for sampling at destination shall be the Pneumatic Probe Sampler. (A.O.C.S. Method BA 1-38, Rev. 1966) and the sample shall be submitted to an official chemist. The results of his analysis of the destination sample shall be binding on both parties for final settlement. The expense of such sampling and analysis, shall be borne by the owner if the owner insists on destination sampling and analysis unless the shipper has failed to take an official sample at origin, in which event, the expense of taking and analyzing the destination sample shall be borne by the shipper. (09/01/94)

1239.01 Weighing - Weighing and official weights, as defined in the National Soybean Processors Association Trading Rules for the Purchase and Sale of Soybean Meal, shall be binding on all interested parties. (09/01/94)

1241.01 Shipping Plants - Soybean Meal Shipping Certificates shall specify shipment from one of the plants currently regular for delivery and located in Central Territory, Northeast Territory, Mid South Territory, Missouri Territory, Eastern Iowa Territory, or Northern Territory as defined in this Regulation.

The Exchange may declare additional shipping plants regular for delivery which shall apply on all contracts outstanding or made thereafter.

#### SHIPPING PLANTS

- (a) All loadings of soybean meal against Soybean Meal Shipping Certificates shall be in bulk free on board railroad cars at shipping plants.
- (b) Payment for Shipping Certificates issued in "Central Territory" (viz.: shipping plants located in Illinois and Kentucky) will be at contract price.
- (c) Payment for Shipping Certificates issued in "Northeast Territory" (viz.: shipping plants located in Indiana and Ohio) will be at a premium of \$1.50 per ton over contract price.
- (d) Payment for Shipping Certificates issued in "Mid South Territory" (viz.: shipping plants located in all of Tennessee and Arkansas and that part of Mississippi and Alabama north of a line extending eastward from the Arkansas and Louisiana border) will be at a premium of \$6.50 per ton over contract price.
- (e) Payment for Shipping Certificates issued in "Missouri Territory" (viz.: shipping plants located in Missouri) will be at a premium of \$1.00 per ton over contract price.
- (f) Payment for Shipping Certificates issued in "Eastern Iowa Territory" (viz.: shipping plants located in Iowa on and South of the main line of the Illinois Central Gulf RR from Dubuque, Iowa to Iowa Falls, Iowa; and on and East of the main line of the Chicago Rock Island RR from Iowa Falls to the Chicago & Northwestern RR from Des Moines through Blockton, Iowa) will be made at a discount of \$4.50 per ton under contract price.
- (g) Payment for Shipping Certificates issued in "Northern Territory" (viz.: shipping plants located in that portion of Iowa not included in "Eastern Iowa Territory") will be at a discount of \$4.00 per ton under contract price.
- (h) For a given soybean crop year ending August 31 and a given Soybean Meal futures delivery territory except the "Central Territory," when the weekly (as of Friday) cumulative average ratio of outstanding Soybean Meal Shipping Certificates to CBOT maximum 24 hour soybean meal production capacity within that Soybean Meal futures delivery territory, relative to that ratio for the combined remaining Soybean Meal territories, is less than or equal to 0.5, payment for Shipping Certificates issued from that territory will be at a premium of \$.50 per ton over contract price in addition to the territorial delivery differential adjustment.
- (i) For a given soybean crop year ending August 31, when the "Central Territory's" weekly (as of Friday) cumulative average ratio of outstanding Soybean Meal Shipping Certificates to maximum

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CBOT 24 hour soybean meal production capacity within the Central Soybean Meal futures delivery territory, relative to that ratio for the combined remaining Soybean Meal territories, is less than or equal to 0.5, payment for Shipping Certificates issued from all other territories will be at a discount of \$.50 per ton under contract price in addition to the territorial delivery differential adjustments.

- (j) For a given soybean crop year ending August 31 and a given Soybean Meal futures delivery territory except the "Central Territory," when the weekly (as of Friday) cumulative average ratio of outstanding Soybean Meal Shipping Certificates to CBOT maximum 24 hour soybean meal production capacity within that Soybean Meal futures delivery territory, relative to that ratio for the combined remaining Soybean Meal territories, is greater than or equal to 2.0, payment for Shipping Certificates issued from that territory will be at a discount of \$.50 per ton under contract price in addition to the territorial delivery differential adjustment.
- (k) For a given soybean crop year ending August 31, when the "Central Territory's" weekly (as of Friday) cumulative average ratio of outstanding Soybean Meal Shipping Certificates to CBOT maximum 24 hour soybean meal production capacity within the Central Soybean Meal futures delivery territory, relative to that ratio for the combined remaining Soybean Meal territories, is greater than or equal to 2.0, payment for Shipping Certificates issued from all other territories will be at a premium of \$.50 per ton over contract price in addition to the territorial delivery differential adjustments.
- (l) Items (h) through (k) of Regulation 1241.01 shall apply to all CBOT Soybean Meal futures contracts delivered during a one calendar year period beginning with January following the soybean crop year ending August 31, provided that there are on a weekly average at least 150 CBOT outstanding Soybean Meal Shipping Certificates in all Soybean Meal delivery territories combined during that previous soybean crop year.
- (m) Based on the adjustments made to territorial delivery differentials during a given calendar year as outlined in items (h) through (l) of Regulation 1241.01, the CBOT shall announce and publish by September 15 of that given calendar year new territorial delivery differentials applicable to all Soybean Meal futures contracts delivered during the next calendar year. (01/01/00)

1242.01 Deliveries by Soybean Meal Shipping Certificates - Deliveries of Soybean Meal shall be made by delivery of Soybean Meal Shipping Certificates issued by Shippers designated by the Exchange as regular to issue Soybean Meal Shipping Certificates for Soybean Meal. In order to effect a valid delivery each Soybean Meal Shipping Certificate must be endorsed by the holder making the delivery. Such endorsement shall constitute a warranty of the genuineness of the Certificate and of good title thereto, but shall not constitute a guaranty, by any endorser, of performance by the issuer of the Certificate. 2067 (09/01/94)

1243.01 Registration of Soybean Meal Shipping Certificates - Soybean Meal Shipping Certificates in order to be eligible for delivery must be registered with the Official Registrar and in accordance with the requirements issued by the Registrar. Registration of Soybean Meal Shipping Certificates shall also be subject to the following requirements:

- (a) Shippers who are regular for delivery may register certificates at any time. If the shipper determines not to tender the shipping certificate by 4:00 p.m. on the day it is registered, the shipper shall declare the certificate is withdrawn but is to remain registered by transmitting to the Registrar the certificate number and the name and location of the shipping plant. The holder of a registered certificate may cancel its registration at any time. A certificate which has been cancelled may not be registered again.
- (b) No notice of intention to deliver a certificate shall be tendered to the Clearing House unless said certificate is registered and in the possession of the Clearing House member tendering the notice or unless a shipping certificate is registered and outstanding. When a notice of intention to deliver a certificate has been tendered to the Clearing House, said certificate shall be considered to be "outstanding" until its registration is cancelled.
- (c) From his own records, the Registrar shall maintain a current record of the number of certificates that are registered and shall be responsible for posting this record on the Exchange Floor and the CBOT website. The record shall not include any shipping certificates that have been declared withdrawn.
- (d) When a registered shipper regains control of a registered certificate calling for shipment from one of his plants, which in any manner relieves him of the obligation to ship meal upon demand of a party other than himself, the shipper shall, by 4:00 p.m. of that business day, either cancel the registration of said certificate or declare that said certificate is withdrawn but is to remain registered by transmitting to the Registrar the certificate number and the name and location of the shipping plant, except in the case where a notice of intention to redeliver said certificate for the shipper has been tendered to the Clearing House by 4:00 p.m. of the day that the shipper regained control of said certificate.
- (e) The Registrar shall not divulge any information concerning the registration, delivery or cancellation of certificates other than the record posted on the Exchange Floor and the CBOT website, except that he

shall issue a weekly report showing the total number of registered certificates as of 4:00 p.m. on the last trading day of each week. In addition to the information posted on the Exchange Floor and the CBOT website, this weekly report will show the names of shippers whose certificates are registered and the location of the shipping plants involved. This report shall not include any shipping certificates which have been declared withdrawn.2069 (11/01/02)

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1244.01 Certificate Format - The following form of Soybean Meal Shipping Certificate shall be used with proper designation, indicating Central Territory, Northeast Territory, Mid South Territory, Missouri Territory, Eastern Iowa Territory or Northern Territory.

BOARD OF TRADE OF THE CITY OF CHICAGO  
SOYBEAN MEAL SHIPPING CERTIFICATE FOR DELIVERY  
IN SATISFACTION OF CONTRACT FOR 100 TONS  
(2,000 POUNDS EACH) OF SOYBEAN MEAL

This certificate not valid unless registered by the Registrar of the Board of Trade of the City of Chicago.

\_\_\_\_\_

48% Protein Soybean Meal

Shipping Plant of \_\_\_\_\_

Located at \_\_\_\_\_

Registered total daily rate of loading of \_\_\_\_\_ tons.

Total rate of loading per day shall be in accordance with Regulation 1290.01 (c) and (d). A premium charge of 7 cents per ton per calendar day for each day is to be assessed starting the day after registration by the Registrar of this Certificate. When loading orders specify rail shipment within four days, the premium charge shall continue through the business day following receipt of loading orders; otherwise, the premium charge shall continue through the day of loading. In the case of shipment by truck, the premium charge shall continue through the day of loading.

For value received and receipt of this document properly endorsed and lien for payment of premium charges the undersigned shipper, regular for delivery under the Rules and Regulations of the Board of Trade of the City of Chicago, hereby agrees to deliver 100 tons (2,000 pounds each) of Soybean Meal in bulk conforming to the standards of the Board of Trade of the City of Chicago and ship said Soybean Meal in accordance with orders of the lawful owner of this document and in accordance with Rules and Regulations of the Board of Trade of the City of Chicago. Delivery shall be by covered hopper car or truck according to the registered loading capability of the



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shipper.

Signed at \_\_\_\_\_ this \_\_\_\_\_  
day of \_\_\_\_\_, 20 \_\_\_\_\_

- \_\_\_ Central Territory
- \_\_\_ Northeast Territory
- \_\_\_ Mid South Territory
- \_\_\_ Missouri Territory
- \_\_\_ Eastern Iowa Territory
- \_\_\_ Northern Territory \_\_\_\_\_

By \_\_\_\_\_  
Authorized Signature of Issuer

Registration date \_\_\_\_\_

Registrar's Number \_\_\_\_\_

Registrar for Soybean Meal  
Board of Trade of the City of Chicago

Registration cancelled for purpose of shipment of Soybean Meal by owner of certificate or by issuer of certificate for purpose of withdrawal of certificate.

Cancellation Date \_\_\_\_\_

Registrar

All premium charges have been paid on Soybean Meal covered by this certificate from date of registration, not counting date of registration but counting date of payment.

Date \_\_\_\_\_ by \_\_\_\_\_

Date \_\_\_\_\_ by \_\_\_\_\_

Date \_\_\_\_\_ by \_\_\_\_\_

Date \_\_\_\_\_ by \_\_\_\_\_

Delivery of this Soybean Meal Shipping Certificate to issuer is conditioned upon loading of Soybean Meal in accordance with Rules and Regulations of the Board of Trade of the City of Chicago and a lien is claimed until all loadings are complete and proper shipping documents presented accompanying demand draft for freight and premium charges due which I (we) agree to honor upon presentation.

\_\_\_\_\_  
Owner of this Soybean Meal Shipping  
Certificate or his duly authorized agent

Date \_\_\_\_\_, 20 \_\_\_\_\_ 2080

(01/01/00)

1245.01 Lost or Destroyed Negotiable Warehouse Receipts - (See Regulation 1045.01) (04/01/00)

1246.01 Date of Delivery - Delivery of Soybean Meal Shipping Certificates may be made by the Seller upon any permissible delivery day of the delivery month but no later than the second business day following the last day of trading in a delivery month. 2072 (09/01/94)

1247.00 Delivery Notice - (See 1047.00) (09/01/94)

1247.01 Delivery Notices - (See 1047.01) (09/01/94)

1248.00 Method of Delivery - (See 1048.00) (09/01/94)

1249.00 Time of Delivery, Payment, Form of Delivery Notice - (See 1049.00) (09/01/94)

1249.01 Billing - (See 1241.01) (09/01/94)

1249.02 Buyers' Report of Eligibility to Receive Delivery - (See 1049.02) (09/01/94)

1249.03 Sellers' Invoice to Buyers - (See 1049.03) (09/01/94)

1249.04 Payment - Payment is to be made by a check drawn on and certified by a Chicago bank or by a Cashier's check issued by a Chicago Bank. 2073 (09/01/94)

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1250.00 Duties of Members - (See 1050.00) (09/01/94)

1251.01 Office Deliveries Prohibited - No office deliveries of soybean meal shipping certificates may be made by Members of the Clearing Corporation. Where a commission house as a Member of the Clearing Corporation has an interest in both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it receives from its customers who are short. 2064 (09/01/94)

1254.00 Failure to Accept Delivery - (See 1054.00) (09/01/94)

1256.01 Premium Charges - No Soybean Meal Shipping Certificates shall be valid for delivery on future contracts unless the premium charges shall have been paid up to and including the 18th day of the preceding month and such payment endorsed on the Soybean Meal Shipping Certificate unless registration is at a later date. Unpaid accumulated premium charges shall be allowed and credited to the Buyer by the Seller to and including the date of delivery.

If premium charges are not paid on-time up to and including the 18th/ calendar day preceding the delivery months of March and September and by the first calendar day of each of these delivery months, a late charge will apply. The late charge will be an amount equal to the total unpaid accumulated premium charges multiplied by the "prime interest rate" in effect on the day that the accrued storage rates are paid, all multiplied by the number of calendar days that premium is overdue, divided by 360 days. The term "prime interest rate" shall mean the lowest of the rates announced by each of the following four banks at Chicago, Illinois, as its "prime rate": Bank of America-Illinois, Bank One, Harris Trust & Savings Bank, and the Northern Trust Company.

The premium charges on Soybean Meal for delivery shall not exceed 7 cents per ton per day. 2068 (06/01/01)

1256.03 Payment of Fees - All outloading fees, including weighing, to load Soybean Meal into railroad car, are to be paid by issuer of Soybean Meal Shipping Certificate. 2075 (09/01/94)

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1290.01 Loading and Shipment of Meal Against Soybean Meal Shipping  
Certificates -

- (a) The operator of a shipping plant issuing Soybean Meal Shipping Certificates shall limit the number of Shipping Certificates issued to an amount not in excess of 15 times its registered total daily rate of loading plus the amount of meal or flakes in store (not limited to meal meeting minimum contract standards). All such meal or flakes in store must be stored in facilities for which the capacity has been registered with the Board of Trade and which have been inspected by the Registrar. The shipper shall register his total daily rate of loading covered hopper cars at not less than 40% nor more than 100% of his maximum 24 hour soybean meal production capacity. Each plant must be regular for a minimum total daily rate of loading of 200 tons per day.
- (b) Each regular plant must also register a daily rate of loading for truck. The daily rate of loading for truck must be registered at not less than 40% of the registered total daily rate of loading for the plant.
- (c) Each regular plant shall be required to load-out soybean meal against cancelled Shipping Certificates at a daily rate equivalent to the greater of either its registered total daily rate of loading, or 1/21st of the total amount of soybean meal represented by Shipping Certificates issued by the plant but not yet loaded.
- (d) Each regular plant shall be required to load covered hopper cars against Shipping Certificates at a rate not greater than that established in paragraph (c), and trucks at a rate not greater than that determined by multiplying the rate established in paragraph (c) by the share of the registered total daily rate of loading registered by the plant as its daily rate of loading for truck. However, on days when rail and truck loading against Shipping Certificates takes place concurrently, the required daily rate of loading into each conveyance shall be determined by prorating the rate established in paragraph (c).
- (e) The shipper shall assess a premium charge of 7 cents per ton per calendar day for each day a Soybean Meal Shipping Certificate is outstanding starting the day after the date of registration by the Registrar. When rail loading orders specify shipment within four business days the premium charge shall continue through the business day following the receipt of loading orders. Otherwise, the premium charge shall continue through the day of rail loading. "Business days" are those on which the Exchange is open for trading Soybean Meal. In the case of shipment by truck, the premium charge shall continue through the day of loading.
- (f) The shipper shall maintain, in the immediate vicinity of the Exchange, either an office, or a duly authorized representative or agent approved by the Exchange, where owners of Shipping Certificates may pay premium charges, surrender properly endorsed Shipping Certificates for cancellation and file loading orders and shipping instructions.
- (g) Rail Loading Procedures
  - (1) The owner requesting rail load-out will furnish written rail loading orders and shipping instructions to the shipper by the close of business on the first business day following the date of cancellation of the Shipping Certificates in the Registrar's office. The loading orders shall specify if rail equipment will be the owner's (including leased cars) or shall specify the owner's election as to the type and size of covered hopper car to be ordered by the shipper. The shipper will load covered hopper cars with a capacity of 75 tons or larger. Loadings will be in bulk, and shipments will be subject to the existing freight tariff Rules and Regulations of the railroads on file with the Interstate Commerce Commission at the time of loading. The shipper is responsible for loading suitable railroad owned or leased cars or owner's cars (including leased cars) which are available for loading at the facility. Owner and shipper will cooperate to ensure timely placement and loading of rail equipment or alternate shipping modes.
  - (2) All loading orders and shipping instructions received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Orders received after 2:00 p.m. on a business day shall be considered dated the following business day. Loading against all rail loading orders dated on a given business day shall be

completed before loading begins on any rail loading orders dated on a subsequent business day subject to the provisions of subparagraph 4 of this paragraph.

- (3) When rail loading orders and shipping instructions are received by 2:00 p.m. of any given business day, the shipper will advise the owner by 10:00 a.m. the following business day of loading dates and tonnage due. Notification will be by telephone, telex or telefax.
- (4) When a shipper has received one or more rail loading orders and shipping instructions, he shall begin loading against them within 4 business days following their receipt, unless the owner requests a deferred loading date in his loading orders. When loadings against rail loading orders cannot be completed on the fourth following business day of their receipt, the shipper shall continue loading against such loading orders on each calendar day thereafter. Shipping instructions are to be provided to the Shipper by the owner 2 business days before loading is to begin. The shipper shall load at the rate specified in paragraph (d) of this Regulation.
- (5) When loading against rail loading orders and shipping instructions received by a shipper prior to 2:00 p.m. on a given business day cannot be completed by the fourth following business day, the shipper shall allocate daily loadings against such loading orders as equitably as possible on a pro-rata basis. Starting of loading against small orders may be delayed until the first day when pro-ration entitles such an order to an allocation of a full car, but in such a case loading of the last car against the order shall be accelerated by the same number of days as loading of the first car was delayed.
- (6) The shipper shall load cars at the shipping plant designated in the Shipping Certificate. If it becomes impossible to load at the designated shipping plant because of an Act of God, fire, flood, wind, explosion, war, embargo, civil commotion, sabotage, law, act of government, labor difficulties or unavoidable mechanical breakdown, the shipper will arrange for covered hopper cars to be loaded at another regular shipping plant in conformance with the Shipping Certificate and will compensate the owner for any transportation loss resulting from the change in the location of the shipping plant. If the aforementioned condition of impossibility prevails at a majority of regular shipping plants, then shipment may be delayed for the number of days that such impossibility prevails at a majority of regular shipping plants.
- (7) Rail loading orders involving one or more Shipping Certificates shall be considered as one lot. The minimum amount shipped against each loading order shall be the number of Shipping Certificates specified therein times 100 tons. A tolerance of 5 tons over the total may be shipped to be settled at the market price at the time of shipment of the last car of the order.
- (8) Rail cars must be loaded to "full visible capacity" unless tonnage on cancelled shipping certificates does not cover rail car capacity.
- (9) The owner will be responsible for whatever demurrage costs that are involved in loading multiple car or trainload shipments. All demurrage charges must be substantiated with a citation of car numbers loaded against cancelled Shipping Certificates either by proper notations on the shipper's average demurrage agreement with the carrier or actual demurrage bills rendered against cars shipped. 2078

(h) Truck Loading Procedures

- (1) The owner requesting truck load-out shall furnish written loading orders and shipping instructions to the shipper by the close of business on the first business day following the date of cancellation of Shipping Certificates in the Registrar's Office. The owner shall supply the trucks. Open-top trucks with a minimum capacity of 20 tons must be provided. No vans or trucks with porthole loading shall be acceptable. Owner and shipper shall cooperate to ensure timely placement and loading of truck equipment.
- (2) All truck loading orders and shipping instructions received prior to 2:00 p.m. on any given business day shall be considered dated that day and shall be entitled to equal treatment. Orders received after 2:00 p.m. on a business day shall be considered dated the following business day.

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- (3) When truck loading orders and shipping instructions are received by 2:00 p.m. on any given business day, the shipper will advise the owner of loading dates and tonnage due by 10:00 a.m. the next business day. Notification will be by telephone, telex or telefax.
  - (4) The shipper shall begin loading against truck loading orders and shipping instructions on the fourth business day after their receipt. The shipper shall load at the rate specified in paragraph (d) of this Regulation.
  - (5) Truck loading shall occur during normal truck loading hours, as declared in the plant's application for regularity, and on normal business days. "Normal business days" shall be those on which the Exchange is open for trading Soybean Meal futures.
  - (6) A premium of \$3.50/ton shall be applied to all shipments of meal loaded out by truck and shall be payable when shipping orders are filed.
  - (7) The owner shall present his trucks for loading at the shipping plant designated in the Shipping Certificate by 12:00 noon on the scheduled loading day. If trucks arrive by 12:00 noon, the shipper shall load the same day or be subject to the penalties and procedures specified in subparagraphs (10) and (11) of this paragraph (Truck Loading Procedures). If trucks arrive after 12:00 noon, the shipper shall be under no obligation to load and the owner shall be subject to the penalties and procedures specified in subparagraphs (8) and (9) of this paragraph.
  - (8) If the owner fails to present his trucks on time on the scheduled loading day, he shall be subject to a grace period until 12:00 noon the next business day and shall not be liable for a penalty up to that time. If the owner fails to present his trucks by 12:00 noon of the business day following the scheduled loading day, he shall be liable for a penalty of \$4/ton/day for all meal not loaded out as scheduled.
  - (9) If, for any reason, the owner is unable to present his trucks for three consecutive normal business days, beginning with the originally scheduled loading day, the shipper may at his election:
    - i) Load the meal into rail cars for the owner and inform him of rail car numbers, or
    - ii) Reissue a Shipping Certificate to the owner. If a Shipping Certificate is reissued, the premium charge specified in paragraph (e) of this Regulation shall be assessed retroactively, beginning the day after the business day following the receipt of loading orders.

In these cases the owner is liable for the penalty specified in subparagraph (8) of this paragraph, if any, for two business days. The truck loading premium specified in subparagraph (6) of this paragraph shall be credited against any penalties due or refunded in full if there are no penalties due. If shipper elects either of these options he must promptly notify the owner.
  - (10) If the shipper fails to load the owner's trucks by 12:00 midnight on the scheduled loading day he shall be subject to a grace period until the next business day and shall not be subject to a penalty up to that time. If the shipper fails to load the owner's truck by 12:00 midnight of the business day following the scheduled loading day, he shall be liable for a penalty of \$4/ton/day for all meal not loaded out as scheduled.
  - (11) If, for any reason, the shipper is unable to load the owner's trucks for three consecutive normal business days, beginning with the originally scheduled loading day, the shipper shall, with the owner's consent, make the meal available for truck load-out on the third day at another regular plant, in conformance with the Shipping Certificate, and will compensate the owner for any transportation loss resulting from the change in the location of the shipping plant.
  - (12) A tolerance of five tons over the total truck shipment may be loaded and settled at the market price at the time the last truck is loaded.
- (i) Change of Election for Mode of Load-Out Due to Unavailability of Rail Cars

The owner may elect to amend rail loading orders to load-out by truck in the event of rail car unavailability. Rail loading orders amended in this manner shall be entitled to equal treatment. A premium of \$3.50/ton shall be applied to all shipments of meal loaded-out by truck and shall be payable on the day loading orders were amended to specify the owner's election for load-out by truck.

- (j) Certification of Soybean Meal - Effective September 1, 1992 and upon written request by a taker of delivery at the time loading orders are submitted for the delivery of soybean meal against canceled shipping certificates, the shipper shall certify in writing to the taker of delivery on the day that the transportation conveyance is loaded that the soybean meal is produced from soybeans of U.S. origin only. Shipping certificates issued prior to September 1, 1992 will be deliverable against futures contracts beginning September 1992 only if the regular shipper provides certification on the shipping certificate that the U.S. origin-only option is available to the taker of delivery of soybean meal. (05/01/95)

1291.01 Conditions of Regularity - Shipping plants may be declared regular for the delivery of Soybean Meal with the approval of the Exchange. Persons operating Soybean Meal shipping plants who desire to have such plants made regular for delivery of Soybean Meal under the Rules and Regulations shall make application for an initial Declaration of Regularity on a form prescribed by the Exchange prior to May 1 of an even year, for a two year term beginning the following July 1, and at any time during a current term for the balance of that term. Regular Soybean Meal shipping plants that desire to increase their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form. Initial regularity for the current term and increases in regularity shall be effective either thirty days after a notice that a bona fide application has been received is posted by the Exchange, or the day after the application is approved by the Exchange, whichever is later. Persons operating soybean meal shipping plants who desire to have their daily rate of loading decreased, shall file with the Exchange a written request for such decrease. The decrease in the daily rate of loading for the facility will become effective 30 days after a notice has been posted by the Exchange or the day after the number of outstanding certificates at the facility is equal to or less than 15 times the requested rate of loading plus the amount of meal or flakes in store, whichever is later. Persons operating soybean meal shipping plants who wish to have their regular capacity space decreased shall file with the Exchange a written request for such decrease and such decrease shall be effective once a notice has been posted by the Exchange. Applications for renewal of regularity must be made prior to May 1 of even years, for the respective years beginning July 1 of those years, and shall be on the same form.

The Exchange may establish such requirements and conditions for approval of regularity as it deems necessary.

The following shall constitute the minimum requirements and conditions of regularity for Soybean Meal shipping plants:

1. The plant of the shipper making application shall be inspected by the Exchange.
2. Such shipping plant shall be connected by railroad tracks with one or more railway lines.
3. The operator or manager of such shipping plant shall be in good financial standing and credit, and shall meet the minimum financial requirements and financial reporting requirements set forth in Appendix 4E. No shipping plant shall be declared regular until the person operating the same files a bond with sufficient sureties in such sum and subject to such conditions as the Exchange may require.
4. Such shipping plant shall be provided with standard equipment and appliances for the convenient and expeditious shipping of Soybean Meal in bulk in the conveyances for which the plant is registered with the Exchange according to Regulation 1290.01 (a) and (b).
5. The operator or manager of such shipping plant shall comply with the system of registration of Soybean Meal Shipping Certificates for Soybean Meal to be shipped in satisfaction of deliveries on futures contracts.
6. No shipper shall engage in any unethical or inequitable practice or fail to comply with any law, Federal or State, or any rule or regulation promulgated thereunder.
7. The shipper shall make such reports, keep such records, and permit such processing plant visitations as the Secretary of Agriculture may prescribe, and shall comply with all applicable Rules and Regulations and orders promulgated by the Secretary of Agriculture or the Commodity Futures Trading Commission, and shall comply with all requirements made by the Exchange because of such Rules and Regulations or orders.
8. The plant must not have been continuously out of operation for the two consecutive years prior to application for regularity or renewal thereof.
9. The operator or manager of such shipping plant shall accord every facility to the Exchange for the examination of the facility and the stocks of

soybean meal which may be on hand at any time. Such examination may be made at any time.

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10. Soybean Meal inventory which is covered by shipping certificates tendered for delivery shall be insured against the contingencies provided for in a standard "All Risks" policy (including earthquake) to such an extent and in such amounts as required by the Exchange. The shipper shall furnish the Exchange with either a copy of the current insurance policy or policies, or a written confirmation from the insurance company that such insurance has been effected.
11. The operator or manager of such shipping plant shall be subject to the Exchange's Rules and Regulations pertaining to arbitration procedures, as set forth in Chapter 6, and, with respect to compliance with Rules and Regulations pertaining to a shipping plant's regularity, shall be subject to the Exchange's Rules and Regulations pertaining to disciplinary procedures, as set forth in Chapter 5.
12. The operator or manager of such shipping plant shall consent to the disciplinary jurisdiction of the Exchange for five years after such regularity lapses, for conduct pertaining to regularity which occurred while the shipping plant was regular.
13. The Exchange may determine not to approve shipping plants for regularity or increases in regular capacity of existing regular shipping plants, in its sole discretion, regardless of whether such shipping plants meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether shipping certificates issued by such shipping plants, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of Soybean Meal futures contracts or impair the efficacy of futures trading in Soybean Meal, or whether the currently approved regular capacity provides for an adequate deliverable supply. 2077 (01/01/03)

1294.01 Revocation, Expiration or Withdrawal of Regularity - Any regular shipper may be declared irregular at any time if he fails to carry out the duties of delivery by Soybean Meal Shipping Certificate as prescribed by these Regulations or violate any conditions of regularity. If designation of a shipper as regular shall be revoked, the Exchange shall announce such revocation on the bulletin board of the Exchange and also the period of time, if any, during which the Soybean Meal Shipping Certificates issued by such shipper shall thereafter be deliverable in satisfaction of futures contracts in Soybean Meal under the Rules and Regulations.

In the event of revocation, expiration or withdrawal of regularity, or in the event of sale or abandonment of the properties where regularity is not reissued, holders of outstanding shipping certificates shall be given thirty days to take load-out of the commodity from the facility. If a holder of an outstanding shipping certificate chooses not to take load-out during this period, the facility must provide him with another shipping certificate at another, mutually acceptable regular shipping plant, with adjustments for differences in contract differentials. Alternatively, if such shipping certificate is unavailable, the facility must provide the holder with an equivalent quantity and quality of the soybean meal designated in the shipping certificate at a mutually acceptable location. 2079 (09/01/94)

1295.01 Application for Declaration of Regularity - All applications by operators of shipping plants for a Declaration of Regularity under Regulation 1291.01 shall be on the following form:

SHIPPER'S APPLICATION FOR A DECLARATION OF REGULARITY  
FOR THE DELIVERY OF SOYBEAN MEAL UPON CONTRACTS FOR  
FUTURE DELIVERY UNDER THE CHARTER RULES AND REGULATIONS OF  
THE BOARD OF TRADE OF THE CITY OF CHICAGO

\_\_\_\_\_, 20\_\_\_\_\_

BOARD OF TRADE OF THE CITY OF CHICAGO  
Chicago, Illinois

Gentlemen:

We, the \_\_\_\_\_ (hereinafter called Shipper), owner or lessee of the \_\_\_\_\_ located at \_\_\_\_\_ having a maximum 24 hour crushing capacity of \_\_\_\_\_ bushels of soybeans per day multiplied by the factor 0.022 for a maximum 24 hour production capacity of \_\_\_\_\_ tons of Soybean Meal per day, having storage capacity for \_\_\_\_\_ tons of Soybean Meal, and applying \_\_\_\_\_ tons as a registered total daily rate of loading (not less than 40% nor more than 100% of his maximum 24 hour production capacity of soybean meal and a minimum of 200 tons of regularity per day), ( \_\_\_\_\_ % of which shall be the registered daily rate of loading for truck. \*Minimum 40%), as the basis of calculation for the purpose of Regulations 1290.01 (a) 1290.01 (c) and 1290.01 (d), do hereby make application to the Board of Trade of the City of Chicago (herein after called Exchange), for a Declaration of Regularity to issue Soybean Meal Shipping Certificates for the Delivery of Soybean Meal upon contracts for future delivery for a period beginning July 1, \_\_\_\_\_ and ending Midnight, June 30, \_\_\_\_\_. Central Territory \_\_\_ Mid South Territory \_\_\_ Eastern Iowa Territory \_\_\_ Northeast Territory \_\_\_ Missouri Territory \_\_\_ Northern Territory



\* As applicable, normal truck loading hours are \_\_\_\_\_ a.m.  
to \_\_\_\_\_ p.m., Central Daylight Saving Time.

Conditions of Regularity

Such declaration of regularity, if granted, shall be cancellable by the Exchange whenever the following conditions shall not be observed:

1. The Shipper must:

- (1) give such bonds to the Exchange as it may require.
- (2) notify the Exchange immediately of any change in its capital ownership, of any reduction in total capital of 20 percent or more from the level reported in the last financial statement filed with the Exchange, or of any change in the condition of its shipping facilities.
- (3) make such reports, keep such records, and permit such shipping plant visitation as the Secretary of Agriculture may prescribe; comply with all applicable Rules and Regulations and orders promulgated by the Secretary of Agriculture or the Government agency administering the Commodity Exchange Act; and comply with all requirements of the Exchange permitted or required by such Rules and Regulations or orders.
- (4) make application for renewal of the declaration of regularity in writing on or before May 1, 1994, and every even year thereafter.
- (5) notify the Exchange immediately of any change in the maximum 24 hour crushing capacity of soybeans at the soybean meal shipping plant.

2. The Shipping Plant must be:

- (1) subject to the prescribed examination and approval of the Exchange.
- (2) connected by railroad tracks to one or more railway lines.
- (3) equipped with standard equipment and appliances for the convenient and expeditious shipping of Soybean Meal in bulk.

3. The Shipping Plant and the Shipper must conform to the requirements of the Exchange as to location, accessibility and suitability as may be prescribed in the Rules and Regulations of the Exchange.

Agreements of the Shipper

The Shipper expressly agrees:

- (1) that all Soybean Meal tendered in satisfaction of futures contracts shall be weighed by an Official Weigher of the Exchange.
- (2) that all Soybean Meal Shipping Certificates will be registered with the Registrar of the Exchange.
- (3) to fulfill the duties of a shipper issuing Soybean Meal Shipping Certificates as set forth in the Regulations in the Chapter of the Rules and Regulations of the Board of Trade of the City of Chicago pertaining to Soybean Meal.
- (4) to abide by the Rules and Regulations of the Exchange applicable to the issuance of Soybean Meal Shipping Certificates, shipping, application of billing, standards, and inspection of Soybean Meal.
- (5) that the Exchange may cancel said declaration of regularity, if granted, for any breach of said agreements.
- (6) that the signing of this application constitutes a representation that the conditions of regularity are complied with and will be observed during the life of the declaration of regularity and, if found to be untrue, the Exchange shall have the right to cancel said declaration of regularity immediately.
- (7) to be subject to the Association's Rules and Regulations pertaining to arbitration procedures, as set forth in Chapter 6, and with respect to compliance with Rules and Regulations pertaining to regularity, to be subject to the Association's Rules and Regulations pertaining to disciplinary procedures, as set forth in Chapter 5; and to abide by and perform any disciplinary decision imposed upon it or any arbitration award issued against it pursuant to such Rules and Regulations.
- (8) to consent to the disciplinary jurisdiction of the Exchange for five years after regularity lapses for conduct pertaining to regularity which occurred while the firm was regular.

\_\_\_\_\_  
Company

By \_\_\_\_\_  
Title

Bond in the amount of \_\_\_\_\_ duly filed \_\_\_\_\_  
Date

1296.01 Regular Shippers - (See Appendix 12A) (09/01/94)

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1301.00 Authority - (See Rule 2801.00.) (09/01/94)

1301.01 Application of Regulations - Transactions in put and call options on Oats futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this Chapter which are exclusively applicable to trading in put and call options on Oats futures contracts. (See Rule 490.00) (09/01/94)

1302.01 Nature of Oats Futures Put Options - The buyer of one (1) Oats futures put option may exercise his option at any time prior to expiration (subject to Regulation 1307.01), to assume a short position in one (1) Oats futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Oats futures put option incurs the obligation of assuming a long position in one (1) Oats futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (09/01/94)

1302.02 Nature of Oats Futures Call Options - The buyer of one (1) Oats futures call option may exercise his option at any time prior to expiration (subject to Regulation 1307.01), to assume a long position in one (1) Oats futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Oats futures call option incurs the obligation of assuming a short position in one (1) Oats futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (09/01/94)

1303.01 Trading Unit - One (1) Oats futures contract of a specified contract month on the Chicago Board of Trade 09/01/94)

1304.01 Striking Prices - Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of five (5) cents per oat futures contract (i.e., 2.50, 2.55, 2.60, etc.) in integral multiples of ten (10) cents per bushel per Oat futures contract (i.e., 2.50, 2.60, 2.70, etc.) and in integral multiples of twenty (20) cents per bushel per Oat futures contract (i.e., 2.80, 3.00, 3.20, etc.) as follows:

1. a. In integral multiples of ten cents, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Oat futures contract, the next five consecutive higher and the next five consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
- b. In integral multiples of twenty cents, at the commencement of trading for an option contract, the following strikes shall be listed: the next four consecutive strikes above the initial band.
- c. In integral multiples of ten cents, over time, strikes shall be added as necessary to insure that all strikes within 55 cents of the previous day's trading range of the underlying futures contract are listed (the "minimum band").
- d. In integral multiples of twenty cents, over time, strikes shall be added as necessary to insure that the next four consecutive strikes above the minimum band are listed.
- e. No new strikes may be added by these procedures in the month in which an option expires.
2. a. In integral multiples of five cents, at the commencement of trading for options that are traded in months in which Oat futures are not traded, and for standard option months, the business day they become the second deferred month, the following strike prices shall be listed: one with a strike closest to the previous day's settlement price of the underlying Oat futures contract and the next five consecutive higher and the next five consecutive lower strikes. For examples, five-cent strike price intervals for the September 2001 contract would be added on June 25, which is the business day after the expiration of the July contract month.
- b. Over time, new five-cent strike prices will be added to ensure that at least five strike prices exist above and below the previous day's trading range in the underlying futures.
3. a. In integral multiples of twenty cents, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading. However, no new strikes may be added by this procedure to an option month unless open positions exist in that contract month.
- b. In integral multiples of ten cents, during the month in which an option expires, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put

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and call options are 0.10 or greater for two consecutive business days will be listed for trading.

4. All strikes will be listed prior to the opening of trading on the following business day. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. (05/01/01)

1305.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (09/01/94)

1306.01 Option Premium Basis - The premium for Oats futures options shall be in multiples of one-eighth (1-8) of one cent per bushel of a 5,000 bushel Oats futures contract which shall equal \$6.25 per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$6.00 in \$1.00 increments per option contract. (09/01/94)

1307.01 Exercise of Option - The buyer of an Oats futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

1307.02 Automatic Exercise - Notwithstanding the provisions of Regulation 1307.01 after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

1308.01 Expiration of Option - Unexercised Oats futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (09/01/94)

1309.01 Months Traded In - Trading may be conducted in the nearby Oats futures options contract month plus any succeeding months, provided however, that the Board or a Committee authorized by the Board may determine not to list a contract month. For options that are traded in months in which Oats futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract. (09/01/00)

1310.01 Trading Hours - The hours of trading of options on Oats futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Oats futures contract, subject to the provisions of the second paragraph in Rule 1007.00. On the last day of trading in an expiring option, the expiring Oats futures options shall be closed with a public call, made strike price by strike price, conducted by such persons as the Regulatory Compliance Committee shall direct. Oats futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Committee shall direct. (03/01/00)

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1311.01 Position Limits and Reportable Positions - (See Regulation 425.01)  
(10/01/00)

1312.01 Margin Requirements - (See Regulation 431.05) (09/01/94)

1313.01 Last Day of Trading - No trades in Oats futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Oats futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday.  
(07/01/01)

1314.01 Option Premium Fluctuation Limits - Trading is prohibited during any day except for the last day of trading in an Oats futures option at a premium of more than the trading limit for the Oats futures contract above and below the previous day's settlement premium for that option as determined by the Clearing Corporation. On the first day of trading, limits shall be set from the lowest premium of the opening range. (09/01/94)

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m1401.00 Authority - Trading of mini-sized New York Silver futures may be conducted under such terms and conditions as may be prescribed by Regulation. (10/01/01)

m1402.01 Application of Regulations - Futures transactions in mini-sized New York Silver futures shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in mini-sized New York Silver futures contracts. (10/01/01)

m1403.01 Derivative Markets - Settlement prices shall be set in accordance with this regulation consistent with the settlement prices of the primary market. Contract settlement prices shall be set equal to the settlement prices of the corresponding contracts of the primary market for such commodity. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, the clearing house shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement prices shall be set at the fair market value of the contract at the close of trading. (10/01/01)

m1404.01 Unit of Trading - The unit of trading for Silver shall be one thousand troy ounces. Bids and offers may be accepted in lots of one thousand troy ounces or multiples thereof. (10/01/01)

m1405.01 Months Traded In - Trading in Silver for future delivery may be conducted in the current calendar month and any subsequent months. (10/01/01)

m1406.01 Price Basis - All prices of Silver shall be basis New York, New York, or basis any other location designated by the primary market, in multiples of 10/100 of one cent per troy ounce. Contracts shall not be made on any other price basis. (10/01/01)

m1407.01 Hours of Trading - The hours of trading for future delivery in Silver futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 1:25 p.m. (10/01/01)

m1409.01 Last Day of Trading - No trades in Silver futures deliverable in the current month shall be made during the last two business days of that month and any contracts remaining open must be settled by delivery or as provided in Regulation m1409.02 after trading in such contracts has ceased; and if not previously delivered, delivery must be made no later than the last business day of the month. (10/01/01)

m1409.02 Liquidation During the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased in accordance with the previous rule of this chapter, outstanding contracts for such delivery may be liquidated by means of a bona fide exchange of such current futures for the actual cash commodity. Such exchange must, in any event, be made no later than the last business day of the delivery month. (10/01/01)

m1410.01 Margin Requirements - Margin requirements shall be determined by the Board. (See Regulation 431.03) (10/01/01)

m1411.01 Disputes - All disputes between interested parties may be settled by arbitration as provided in the Rules and Regulations. (10/01/01)

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m1412.01 Position Limits and Reportable Positions - (See Regulation 425.01)  
(10/01/01)

m1413.01 Contract Modification - Specifications shall be fixed as of the first day of trading of a contract except that all deliveries must conform to government regulations in force at the time of delivery. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with the trading pursuant to these rules, such order, ruling, directive, or law shall be construed to take precedence and become part of these rules and all open and new contracts shall be subject to such governmental orders. (10/01/01)

m1403

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m1436.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be refined Silver in a bar cast in a basic weight of either 1,000 troy ounces or 1,100 troy ounces (each bar may vary no more than 10% more or less); assaying not less than 999 fineness; and made up of one of the brands and markings officially listed by the Exchange as provided in Regulation m1440.01, current at the date of delivery of such silver. (10/01/01)

m1440.01 Brands and Markings of Silver - Brands and markings deliverable in satisfaction of futures contracts shall be listed with the Exchange upon approval by the Exchange. The Exchange may require such sureties as it deems necessary. The Secretary's Office shall make available a list of the brands and markings of silver bars which are deliverable. The addition of brands and markings shall be binding upon all such contracts outstanding as well as those entered into after approval. (10/01/01)

m1440.02 Withdrawal of Approval of Silver Brands or Markings - If at any time a brand or marking fails to meet the requirements adopted by the Exchange or the metallurgical assay of any silver bars bearing a brand or marking on the official list depreciates below 999 fineness, the Exchange may exclude said brand or marking from the official list unless deliveries of bars bearing said brand or marking are accompanied by certificates of analysis of an official assayer showing a silver fineness of not less than 999, and such additional bond as the Exchange may deem necessary. Notice of such action shall be posted upon the bulletin board of the Exchange and the official list shall indicate the limitation upon deliveries of said brand or marking. (10/01/01)

m1440.03 Approved Brands - (See Appendix m14A) (10/01/01)

m1440.04 Product Certification and Shipment - To be eligible for delivery on the Exchange, all silver must be certified as to fineness and weight by an Exchange approved refiner, assayer, or other Exchange approved certifying authority and must be shipped directly from the Exchange approved refiner, assayer, or certifying authority via Exchange approved carriers to Exchange approved vaults.

All silver, if not continuously in the custody of an Exchange approved vault or carrier, must be recertified as to fineness and weight to be eligible for delivery.

The Exchange at its sole discretion shall have the authority at any time to have assayed any silver bars covered by vault receipts delivered against futures contracts. In such an event, costs are to be borne by the Exchange. (10/01/01)

m1440.05 Refiners, Vaults, Weighmasters, and Assayers - Exchange approved refiners, vaults, assayers, and weighmasters may be listed with the Exchange upon approval by the Exchange. The Secretary's Office shall maintain and make available such lists. The addition of refiners and vaults shall be binding upon all contracts outstanding as well as those entered into after approval. (10/01/01)

m1440.06 Cost of Inspection, Weighing, Storage and Delivery - All charges associated with the delivery of silver and all costs associated with inspections, weighing, and Exchange documentations, through the day of delivery, shall be paid by the delivering party. The delivering party shall pay storage charges through the business day following the day of delivery. The receivers shall pay all charges including storage charges incurred after the business day following the day of delivery.

A holder of an Exchange approved vault receipt for silver may request recertification at his expense at any time while the unit represented by such receipt is in the Exchange approved vault. Such recertification shall be made by an Exchange approved certifying authority or assayer, selected by such holder. (10/01/01)

m1441.01 Delivery Points - Silver located at regular vaults at points approved by the Exchange may be delivered in satisfaction of futures contracts. (10/01/01)

m1442.01 Deliveries by Vault Receipts - In order to be valid for delivery against futures contracts, the vault receipt must be registered with the official Registrar of the Exchange and in accordance with the requirements issued by the Registrar. The vault receipt must be registered before 4:00 p.m. on notice day, the business day prior to the day of delivery; however, in the case of delivery on the last delivery day of the delivery month, the vault receipt must be registered before 1:00 p.m. Deliveries on silver futures contracts shall be made by the delivery of depository vault receipts issued by vaults which have been approved and designated as regular vaults by the Exchange for the storage of silver.

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Silver in bars must come to the regular vault directly from an approved source or from another regular vault either on the Chicago Board of Trade or the Commodity Exchange, Inc., by insured or bonded carrier.

The vault receipts shall evidence that storage charges have been paid up to and including the business day following the day of delivery. If such charges are not so paid, registration may be canceled at the request of the issuing vault. Prepaid storage charges shall be charged to the buyer by the seller for a period extending beyond the business day following the day of delivery (but not in excess of thirty days) pro rata for the unexpired term and adjustments made upon the invoice thereof. In order to effect a valid delivery, each vault receipt must be endorsed by the clearing member making the delivery.

By the tender of a vault receipt for silver duly endorsed for delivery of the lot on an Exchange contract, the endorser shall be deemed to warrant, to his transferee and each subsequent transferee of the receipt for delivery on Exchange contracts, and their respective immediate principals, the genuineness, validity, and worth of such receipt, the rightfulness and effectiveness of his transfer thereof, and the quantity and quality of the silver shown on the receipt.

In the event such Exchange member or principal shall claim a breach of such warranty, and such claim relates to the quantity or quality of the silver, the lot shall be immediately submitted for sampling and assaying to an assayer approved by the Exchange; the silver must be shipped under bond, and at the owner's expense, to the assayer. The expense of sampling and assaying shall, in the first instance, be borne by the claimant. If a deficiency in quantity or quality shall be determined by the assayer, the claimant shall have the right to recover the difference in the market value and all expenses incurred in connection with the sampling and assaying and any cost of replacement of the silver. The claimant may, at his option, proceed directly against the original endorser of the vault receipt upon Exchange delivery, or against any endorser prior to claimant without seeking recovery from his immediate deliverer on the Exchange contract, and if the claim is satisfied by the original endorser of the vault receipt, or any other endorser, all the endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from any endorser and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from any endorser prior to him. Such claims as are in dispute between members of the Exchange may in each case be submitted to arbitration under the Rules of the Exchange.

The liability of an endorser of a vault receipt as provided herein shall not be deemed to limit the rights of such endorser against any person or party for whose account the endorser acted in making delivery on an Exchange contract. If it shall be determined in such arbitration proceeding that any endorser of a vault receipt or the person or party for whom such endorser acted was aware of the breach of warranty or was involved in a plan or arrangement with the original endorser (or his principal) to place such inferior silver in store in a regular vault for use in deliveries upon Exchange contracts, such endorsers shall not be entitled to recover from any prior endorser for the breach of warranty. (10/01/01)

m1443.01 Deposit of Silver with Vaults - Silver in bars shall be placed into a regular vault accompanied by the following information:

- A. Brand or markings;
- B. Identification (serial number) of each bar;
- C. Weight of each bar; and
- D. Fineness. (10/01/01)

m1443.02 Issuance of Vault Receipts - After the silver has been placed in a regular vault, negotiable vault receipts shall be issued to its owners with the following information:

- A. Brand or markings;
- B. Identification (serial number) of each bar;
- C. Weight of each bar;
- D. Fineness.

Receipts shall be lettered or numbered consecutively by each vault. No two receipts shall bear the





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m1451.01 Office Deliveries Prohibited - (See 1051.01) (10/01/01)

m1454.00 Failure to Accept Delivery - (See 1054.00) (10/01/01)

m1456.01 Storage and Transfer Fees - Storage charges, transfer fees and in-and-out charges shall be set by each depository vault and the schedule of such charges shall be posted with the Exchange, which shall be notified at least 60 days in advance of any changes in the rate schedule. Except as otherwise provided, all such charges and fees shall remain the responsibility of the Seller until payment is made. (10/01/01)

m1408

Chm14 Regularity of Vaults

m1480.01 Duties of Vault Operators - It shall be the duty of the operators of all regular vaults:

- (a) To accept Silver for delivery on Chicago Board of Trade contracts, provided such Silver is ordered into the Vault by a Clearing Member of the Exchange, and all space in such vaults is not already filled or contracted for.
- (b) To notify the Board of Trade of any change in the condition of their vaults.
- (c) To release to the bearer of the receipt the bars covered by said receipt upon presentation of the receipt and payment of all storage and outloading charges no later than the business day following compliance with these provisions.
- (d) To keep stocks of Silver in storage in balance with Silver represented by its outstanding vault receipts. (10/01/01)

m1481.01 Conditions of Regularity - Silver may be delivered against a Silver contract from any vault designated by the Exchange specifically for the storage of silver, and may not be delivered except from such vault. The following shall constitute the requirements for regularity, and by accepting a Declaration of Regularity the vault agrees to abide by these conditions:

- (1) The vault must notify the Exchange promptly of any material change in ownership or condition of its premises.
- (2) The vault is required to submit a certified financial statement within 90 days of the firm's year-end. A letter of attestation must accompany all financial statements signed by the Chief Financial Officer or if there is none, a general partner or executive officer.
- (3) Such vault shall be provided with standard equipment and appliances for the convenient and safe storage of Silver and provide for proper security.
- (4) The operator of such vault shall furnish to the Registrar all needed information to enable him to keep a correct record and account of all Silver received and delivered by the vault daily and of that remaining in store at the close of each week.
- (5) The operator of such vault shall accord every facility to any duly authorized committee for the examination of its books or records for the purpose of ascertaining the stocks of Silver. The Exchange shall have the authority to employ experts to determine the quantity and quality of Silver in said vault.
- (6) No vault shall be deemed suitable to be declared regular if its location, accessibility, tariffs, or other qualifications shall depart from uniformity to the extent that its receipts as tendered in satisfaction of futures contracts impair the efficacy of futures trading in this market, or if the operator of such vault engages in unethical or inequitable practices, or if the operator fails to comply with any laws, Federal or State, or Rules or Regulations promulgated under those laws.
- (7) The operator shall make such reports, keep such records, and permit such vault visitation as the Board of Trade may prescribe, and shall comply with all applicable Rules and Regulations.
- (8) The operator of such vault must give such bonds to the Exchange as may be required by the Exchange.
- (9) The vault shall neither withdraw as a regular vault nor withdraw any regular capacity except after a sixty (60) day notice to the Exchange or having obtained the consent of the Exchange.
- (10) The vault shall notify the Exchange at least sixty (60) days in advance of any changes in its maximum storage rates, penalty for late storage payment and handling charges. (10/01/01)

m1484.01 Revocation of Regularity - Any regular vault may be declared by the Business Conduct Committee or, pursuant to Regulation 540.10, the Hearing Committee, to be irregular at any time if it does not comply with the conditions above set forth, or fails to carry out its prescribed duties. If the designation of a vault as regular shall be revoked a notice shall be posted on the bulletin board and on the Exchange website announcing such revocation and also the period of time, if any, during which the receipts issued by such vault shall thereafter be deliverable in satisfaction of futures contracts in Silver under the Rules and Regulations.



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By accepting a Declaration of Regularity the vault agrees, in the event of revocation or expiration of regularity, to bear the expenses of the transfer of silver under bond to another regular vault satisfactory to the holders of its vault receipts. (10/01/01)

m1486.01 Regular Vaults - (See Appendix m14B) (10/01/01)

m1410

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Chapter m15  
mini-sized New York Gold Futures  
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Chm15 Trading Conditions

m1501.00 Authority - Trading of mini-sized New York Gold futures may be conducted under such terms and conditions as may be prescribed by Regulation. (10/01/01)

m1502.01 Application of Regulations - Futures transactions in mini-sized New York Gold futures shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in mini-sized New York Gold futures contracts. (10/01/01)

m1503.01 Derivative Markets - Settlement prices shall be set in accordance with this regulation consistent with the settlement prices of the primary market. Contract settlement prices shall be set equal to the settlement prices of the corresponding contracts of the primary market for such commodity. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, the clearing house shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement prices shall be set at the fair market value of the contract at the close of trading. (10/01/01)

m1504.01 Unit of Trading - The unit of trading for Gold shall be for 33.2 fine troy ounces of Gold not less than 0.995 fine contained in one bar. Bids and offers may be accepted in lots of 33.2 fine troy ounces or multiples thereof. (10/01/01)

m1505.01 Months Traded In - Trading in Gold for future delivery may be conducted in the current calendar month and any subsequent months. (10/01/01)

m1506.01 Price Basis - All prices of Gold shall be basis New York, New York, or basis any other location designated by the primary market, in multiples of \$0.10 (10 cents) per fine troy ounce. Contracts shall not be made on any other price basis. (10/01/01)

m1507.01 Hours of Trading - The hours of trading for future delivery in Gold futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 1:30 p.m. (10/01/01)

m1509.01 Last Day of Trading - No trades in Gold futures deliverable in the current month shall be made during the last two business days of that month and any contracts remaining open must be settled by delivery or as provided in Regulation m1509.02 after trading in such contracts has ceased; and if not previously delivered, delivery must be made no later than the last business day of the month. (10/01/01)

m1509.02 Liquidation During the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased in accordance with the previous rule of this chapter, outstanding contracts for such delivery may be liquidated by means of a bona fide exchange of such current futures for the actual cash commodity. Such exchange must, in any event, be made no later than the last business day of the delivery month. (10/01/01)

m1510.01 Margin Requirements - Margin requirements shall be determined by the Board. (See Regulation 431.03) (10/01/01)

m1511.01 Disputes - All disputes between interested parties may be settled by arbitration as provided in the Rules and Regulations. (10/01/01)

Chm15 Trading Conditions

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m1512.01 Position Limits and Reportable Positions - (See Regulation 425.01)  
(10/01/01)

m1513.01 Contract Modification - Specifications shall be fixed as of the first day of trading of a contract except that all deliveries must conform to government regulations in force at the time of delivery. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with the trading pursuant to these rules, such order, ruling, directive, or law shall be construed to take precedence and become part of these rules and all open and new contracts shall be subject to such governmental orders. (10/01/01)

m1503

Chm15 Delivery Procedures

m1536.01 Standards - Each futures contract shall be for 33.2 fine troy ounces of Gold no less than 995 fineness contained in no more than one bar.

Variations in the quantity of the delivery unit not in excess of ten percent of 33.2 fine troy ounces shall be permitted.

In accordance with the accepted practices of the trade, each bar for good delivery must be of good appearance, easy to handle, and convenient to stack. The sides and bottom should be reasonably smooth and free from cavities and bubbles. The edges should be rounded and not sharp. Each bar, if not marked with the fineness and stamp of an approved refiner, assayer, or other certifying authority must be accompanied by a certificate issued by an approved refiner, assayer, or other certifying authority, stating the serial number of the bar(s), the weight, and the fineness. (10/01/01)

m1540.01 Brands and Markings of Gold - Brands and markings deliverable in satisfaction of futures contracts shall be listed with the Exchange upon approval by the Exchange. The Exchange may require such sureties as it deems necessary. The Secretary's Office shall make available a list of the brands and markings of Gold bars which are deliverable. The addition of brands and markings shall be binding upon all such contracts outstanding as well as those entered into after approval. (10/01/01)

m1540.02 Withdrawal of Approval of Gold Brands of Markings - If at any time a brand or marking fails to meet the requirements adopted by the Exchange or the metallurgical assay of any Gold bars bearing a brand or marking on the official list depreciates below 995 fineness, the Exchange may exclude said brand or marking from the official list unless deliveries of bars bearing said brand or marking are accompanied by certificates of analysis of an official assayer showing a Gold fineness of not less than 995, and such additional bond as the Exchange may deem necessary. Notice of such action shall be posted upon the bulletin board of the Exchange and the official list shall indicate the limitation upon deliveries of said brand or marking. (10/01/01)

m1540.03 Approved Brands - (See Appendix m15A) (10/01/01)

m1540.04 Product Certification and Shipment - To be eligible for delivery on the Exchange, all Gold must be certified as to fineness and weight by an Exchange approved refiner, assayer, or other Exchange approved certifying authority and must be shipped directly from the Exchange approved refiner, assayer, or certifying authority via Exchange approved carriers to Exchange approved vaults.

All Gold, if not continuously in the custody of an Exchange approved vault or carrier, must be recertified as to fineness and weight to be eligible for delivery.

The Exchange at its sole discretion shall have the authority at any time to have assayed any Gold bars covered by vault receipts delivered against futures contracts. In such an event, costs are to be borne by the Exchange. (10/01/01)

m1540.05 Refiners, Vaults, Weighmasters, and Assayers - Exchange approved refiners, vaults, assayers, and weighmasters may be listed with the Exchange upon approval by the Exchange. The Secretary's Office shall maintain and make available such lists. The addition of refiners and vaults shall be binding upon all contracts outstanding as well as those entered into after approval. (10/01/01)

m1540.06 Cost of Inspection, Weighing, Storage and Delivery - All charges associated with the delivery of Gold and all costs associated with inspections, weighing, and Exchange documentations, through the day of delivery, shall be paid by the delivering party. The delivering party shall pay storage charges through the business day following the day of delivery. The receivers shall pay all charges including storage charges incurred after the business day following the day of delivery.

A holder of an Exchange approved vault receipt for Gold may request recertification at his expense at any time while the unit represented by such receipt is in the Exchange approved vault. Such recertification shall be made by an Exchange approved certifying authority or assayer, selected by such holder. (10/01/01)

m1541.01 Delivery Points - Gold located at regular vaults at points approved by the Exchange may be delivered in satisfaction of futures contracts. (10/01/01)

m1542.01 Deliveries by Vault Receipts - In order to be valid for delivery against futures contracts,

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the vault receipt must be registered with the official Registrar of the Exchange and in accordance with the requirements issued by the Registrar. The vault receipt must be registered before 4:00 p.m. on notice day, the business day prior to the day of delivery; however, in the case of delivery on the last delivery day of the delivery month, the vault receipt must be registered before 1:00 p.m. Deliveries on Gold futures contracts shall be made by the delivery of depository vault receipts issued by vaults which have been approved and designated as regular vaults by the Exchange for the storage of Gold. Gold in bars must come to the regular vault directly from an approved source or from another regular vault either on the Chicago Board of Trade or the Commodity Exchange, Inc., by insured or bonded carrier.

The vault receipts shall evidence that storage charges have been paid up to and including the business day following the day of delivery. If such charges are not so paid, registration may be canceled at the request of the issuing vault. Prepaid storage charges shall be charged to the buyer by the seller for a period extending beyond the business day following the day of delivery (but not in excess of thirty days) pro rata for the unexpired term and adjustments made upon the invoice thereof. In order to effect a valid delivery, each vault receipt must be endorsed by the clearing member making the delivery.

By the tender of a vault receipt for Gold duly endorsed for delivery of the lot on an Exchange contract, the endorser shall be deemed to warrant, to his transferee and each subsequent transferee of the receipt for delivery on Exchange contracts, and their respective immediate principals, the genuineness, validity, and worth of such receipt, the rightfulness and effectiveness of his transfer thereof, and the quantity and quality of the Gold shown on the receipt.

In the event such Exchange member or principal shall claim a breach of such warranty, and such claim relates to the quantity or quality of the Gold, the lot shall be immediately submitted for sampling and assaying to an assayer approved by the Exchange; the Gold must be shipped under bond, and at the owner's expense, to the assayer. The expense of sampling and assaying shall, in the first instance, be borne by the claimant. If a deficiency in quantity or quality shall be determined by the assayer, the claimant shall have the right to recover the difference in the market value and all expenses incurred in connection with the sampling and assaying and any cost of replacement of the Gold. The claimant may, at his option, proceed directly against the original endorser of the vault receipt upon Exchange delivery, or against any endorser prior to claimant without seeking recovery from his immediate deliverer on the Exchange contract, and if the claim is satisfied by the original endorser of the vault receipt, or any other endorser, all the endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from any endorser and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from any endorser prior to him. Such claims as are in dispute between members of the Exchange may in each case be submitted to arbitration under the Rules of the Exchange.

The liability of an endorser of a vault receipt as provided herein shall not be deemed to limit the rights of such endorser against any person or party for whose account the endorser acted in making delivery on an Exchange contract. If it shall be determined in such arbitration proceeding that any endorser of a vault receipt or the person or party for whom such endorser acted was aware of the breach of warranty or was involved in a plan or arrangement with the original endorser (or his principal) to place such inferior Gold in store in a regular vault for use in deliveries upon Exchange contracts, such endorsers shall not be entitled to recover from any prior endorser for the breach of warranty. (10/01/01)

m1543.01 Deposit of Gold With Vaults - Gold in bars shall be placed into a regular vault accompanied by the following information:

- A. Brand or markings;
- B. Identification (serial number) of each bar;
- C. Weight of each bar; and
- D. Fineness. (10/01/01)

m1543.02 Issuance of Vault Receipts - After the Gold has been placed in a regular vault, negotiable vault receipts shall be issued to its owners with the following information:

- A. Brand or markings;

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- B. Identification (serial number) of each bar;
- C. Weight of each bar;
- D. Fineness.

Receipts shall be lettered or numbered consecutively by each vault. No two receipts shall bear the same letter or number. No receipt shall be issued for more or less than one contract unit.

m1544.01 Form of Vault Receipt - The following form of vault receipt shall be used:

(Name of Issuer)

(Address)

(Designated by the Exchange as Regular for Delivery of Gold)

Bearer Receipt No. \_\_\_\_\_

Location, \_\_\_\_\_, 20\_\_\_\_\_

RECEIVED from \_\_\_\_\_

and stored in the vaults of the undersigned at the above facility, are \_\_\_\_\_ (\_\_\_\_) BARS. Said bars are deliverable only at said vaults to them (or him) or order or, if endorsed in blank, to the bearer hereof upon surrender hereof and payment of the storage and other proper charges and for expenses for notice, advertisement and sale.

\_\_\_\_\_ (the "Vault"), acknowledges receipt, from Depositor named above, of the bullion bars described in Schedule I (the "Bars"), stamped to indicate the aggregate amount shown of Gold 995 fine. Vault has recorded the specifications concerning the bars as indicated thereon. The Vault is not responsible for the authenticity for markings on, or for the weight, fineness, or contents of, the Bars.

Storage charges are payable on the date of issue of this receipt to the end of the current month; and monthly thereafter, in advance, on the first business day of each calendar month. Unearned prepaid storage charges will be refunded to the holder upon surrender of this receipt.

Detailed specifications of bars covered by this receipt have been recorded by the undersigned as indicated on said bars.

THIS RECEIPT IS VOID unless signed by two (2) persons authorized to sign on behalf of the Vault.

SCHEDULE I

SERIAL NUMBER	WEIGHT (Troy Ounces)	MARK OR BRAND
---------------	-------------------------	---------------

Total \_\_\_\_\_

Control Number \_\_\_\_\_

Name of Vault \_\_\_\_\_

Notice: Notification of transfer of this receipt will facilitate billing of storage charge.

By Authorized Signature \_\_\_\_\_

By Authorized Signature \_\_\_\_\_

STORAGE AND HANDLING CHARGES: Storage charges of \_\_\_\_\_

per day per contract, minimum \_\_\_\_\_ per contract; plus \_\_\_\_\_ handling charge per contract for each deposit and \_\_\_\_\_ for each withdrawal.





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third decimal place is increased by 0.001.

Payment is to be made by a check drawn on and certified by a Chicago bank or by a Cashier's check issued by a Chicago bank. The long clearing member may effect payment by wire transfer only if this method of payment is acceptable to the short clearing member. (10/01/01)

m1550.00 Duties of Members - (See 1050.00) (10/01/01)

m1551.01 Office Deliveries Prohibited - (See 1051.01) (10/01/01)

m1554.00 Failure to Accept Delivery - (See 1054.00) (10/01/01)

m1556.01 Storage and Transfer Fees - Storage charges, transfer fees and in-and-out charges shall be set by each depository vault and the schedule of such charges shall be posted with the Exchange, which shall be notified at least 60 days in advance of any changes in the rate schedule. Except as otherwise provided, all such charges and fees shall remain the responsibility of the Seller until payment is made. (10/01/01)

m1508

Chm15 Regularity of Vaults

m1580.01 Duties of Vault Operators - It shall be the duty of the operators of all regular vaults:

- (a) To accept Gold for delivery on Chicago Board of Trade contracts, provided such Gold is ordered into the Vault by a Clearing Member of the Exchange, and all space in such vaults is not already filled or contracted for.
- (b) To notify the Board of Trade of any change in the condition of their vaults.
- (c) To release to the bearer of the receipt the bars covered by said receipt upon presentation of the receipt and payment of all storage and outloading charges no later than the business day following compliance with these provisions.
- (d) To keep stocks of Gold in storage in balance with Gold represented by its outstanding vault receipts. (10/01/01)

m1581.01 Conditions of Regularity - Gold may be delivered against a Gold contract from any vault designated by the Exchange specifically for the storage of Gold, and may not be delivered except from such vault. The following shall constitute the requirements for regularity, and by accepting a Declaration of Regularity the vault agrees to abide by these conditions:

- (1) The vault must notify the Exchange promptly of any material change in ownership or condition of its premises.
- (2) The vault is required to submit a certified financial statement within 90 days of the firm's year-end. A letter of attestation must accompany all financial statements signed by the Chief Financial Officer or if there is none, a general partner or executive officer.
- (3) Such vault shall be provided with standard equipment and appliances for the convenient and safe storage of Gold and provide for proper security.
- (4) The operator of such vault shall furnish to the Registrar all needed information to enable him to keep a correct record and account of all Gold received and delivered by the vault daily and of that remaining in store at the close of each week.
- (5) The operator of such vault shall accord every facility to any duly authorized committee for the examination of its books or records for the purpose of ascertaining the stocks of Gold. The Exchange shall have the authority to employ experts to determine the quantity and quality of Gold in said vault.
- (6) No vault shall be deemed suitable to be declared regular if its location, accessibility, tariffs, or other qualifications shall depart from uniformity to the extent that its receipts as tendered in satisfaction of futures contracts impair the efficacy of futures trading in this market, or if the operator of such vault engages in unethical or inequitable practices, or if the operator fails to comply with any laws, Federal or State, or Rules or Regulations promulgated under those laws.
- (7) The operator shall make such reports, keep such records, and permit such vault visitation as the Board of Trade may prescribe, and shall comply with all applicable Rules and Regulations.
- (8) The operator of such vault must give such bonds to the Exchange as may be required by the Exchange.
- (9) The vault shall neither withdraw as a regular vault nor withdraw any regular capacity except after a sixty (60) day notice to the Exchange or having obtained the consent of the Exchange.
- (10) The vault shall notify the Exchange at least sixty (60) days in advance of any changes in its maximum storage rates, penalty for late storage payment and handling charges. (10/01/01)

m1584.01 Revocation of Regularity - Any regular vault may be declared by the Business Conduct Committee or, pursuant to Regulation 540.10, the Hearing Committee, to be irregular at any time if it does not comply with the conditions above set forth, or fails to carry out its prescribed duties. If the designation of a vault as regular shall be revoked a notice shall be posted on the bulletin board and on the Exchange website announcing such revocation and also the period of time, if any, during which the receipts issued by such vault shall thereafter be deliverable in satisfaction of futures contracts in Gold under the Rules and Regulations.

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By accepting a Declaration of Regularity the vault agrees, in the event of revocation or expiration of regularity, to bear the expenses of the transfer of Gold under bond to another regular vault satisfactory to the holders of its vault receipts. (10/01/01)

m1586.01 Regular Vaults - (See Appendix m15B) (10/01/01)

m1510

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Chapter 18  
U.S. Treasury Bonds  
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Ch18 Trading Conditions

1801.00 Authority - (See Rule 1701.00) (10/01/94)

1802.01 Application of Regulations - Futures transactions in long term U.S. Treasury bonds shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in long term U.S. Treasury bonds. 3000 (09/01/00)

1804.01 Unit of Trading - The unit of trading shall be United States Treasury bonds having a face value at maturity of one hundred thousand dollars (\$100,000) or multiples thereof. 3002 (10/01/94)

1805.01 Months Traded In - Trading in long-term U.S. Treasury bonds may be scheduled in such months as determined by the Exchange. (03/01/00)

1806.01 Price Basis - Minimum price fluctuations shall be in multiples of one thirty-second (1/32) point per 100 points (\$31.25 per contract) except for intermonth spreads, where minimum price fluctuations shall be in multiples of one-fourth of one-thirty-second point per 100 points (\$7.8125 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. 3004 (02/01/01)

1807.01 Hours of Trading - The hours of trading for future delivery in U.S. Treasury Bonds shall be determined by the Board. On the last day of the trading in an expiring future, the closing time for such future shall be 12:00 noon, subject to the provisions of the second paragraph of Rule 1007.00. The market shall be opened and closed for all months simultaneously, or in such other manner as the Regulatory Compliance Committee shall direct. 3007 (10/01/94)

1809.01 Last Day of Trading - No trades in long term U.S. Treasury bond futures deliverable in the current month shall be made during the last seven business days of that month and any contracts remaining open must be settled by delivery or as provided in Regulation 1809.02 after trading in such contracts has ceased. 3008 (10/01/94)

1809.02 Liquidation in the Last Seven Days of the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased in accordance with Regulation 1809.01 of this chapter, outstanding contracts may be liquidated by the delivery of book-entry U.S. Treasury bonds (Regulation 1842.01) or by mutual agreement by means of a bona fide exchange of such current futures for the actual long term U.S. Treasury bonds or comparable instruments. Such exchange must, in any event, be made no later than the fifth business day immediately preceding the last business day of the delivery month. 3009 (10/01/94)

1810.01 Margin Requirements - (See Regulation 431.03) (10/01/94)

1812.01 Position Limits and Reportable Positions - (See 425.01) (10/01/94)  
Ch18 Delivery Procedures

## Ch18 Delivery Procedures

1836.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be long term U.S. Treasury bonds which if callable are not callable for at least 15 years or if not callable have a maturity of at least 15 years. All bonds delivered against a contract must be of the same issue. For settlement, the time to maturity (time to call if callable) of a given issue is calculated in complete three month increments (i.e. 15 years and 5 months = 15 years and 1 quarter) from the first day of the delivery month. The price at which a bond with this time to maturity (time to call if callable) and with the same coupon rate as this issue will yield 6% according to bond tables prepared by the Financial Publishing Co. of Boston, Mass., is multiplied times the settlement price to arrive at the amount which the short invoices the long.

U.S. Treasury Bonds deliverable against futures contracts under these regulations must have semi-annual coupon payments.

Interest accrued on the bonds shall be charged to the long by the short in accordance with Department of the Treasury Circular 300, Subpart P.

New issues of long term U.S. Treasury bonds which satisfy the standards in this regulation shall be added to the deliverable grade as they are issued. The Board shall have the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status. 3001 (03/01/00)

1842.01 Deliveries on Futures Contracts - Deliveries against long term U.S. Treasury bond futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 1880.01) in accordance with Department of the Treasury Circular 300, Subpart O: Book-Entry Procedure. Delivery must be made no later than the last business day of the month. Notice of intention to deliver shall be given to the Board of Trade Clearing Corporation by 8:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time) on delivery day. The short Clearing Member must have contract grade U.S. Treasury bonds in place at his bank in acceptable (to his bank) delivery form no later than 10:00 a.m. (Chicago time) on delivery day. The short Clearing Member must notify his bank (Regulation 1880.01) to transfer contract grade U.S. Treasury bonds by book-entry to the long Clearing Member's account at the long Clearing Member's bank on a delivery versus payment basis. That is, payment shall not be made until the bonds are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time) and notify his bank (Regulation 1880.01) to accept contract grade U.S. Treasury bonds and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 1880.01) in payment for delivery of the bonds. Contract grade U.S. Treasury bonds must be transferred and payment must be made before 1:00 p.m. (Chicago time) on delivery day. All deliveries must be assigned by the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it received from its customers who are short. 3011 (12/01/99)

1842.02 Wire Failure - In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the long Clearing Member's bank or the short Clearing Member's bank access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. on the next business day on which the Federal Reserve wire or bank access to it is operable. Interest shall accrue to the long paid by the short beginning on the day on which the bonds were to be originally delivered.

In the event of such failure, both the long and short must provide documented evidence that the instructions were given to their respective banks in accordance with Regulations 1842.01 and 1849.04 and that all other provisions of Regulations 1842.01 and 1849.04 have been complied with. 3014 (10/01/94)

1846.01 Date of Delivery - Delivery of U.S. Treasury bonds may be made by the short upon any

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permissible delivery day of the delivery month the short may select. Delivery of U.S. Treasury bonds must be made no later than the last business day of that month. 3012 (10/01/94)

1847.01 Delivery Notices - (See Regulation 1047.01) (10/01/94)

1848.01 Method of Delivery - (See Regulation 1048.01) (10/01/94)

1849.00 Time of Delivery, Payment, Form of Delivery Notice - (See Rule 1049.00) (10/01/94)

1849.02 Buyer's Report of Eligibility to Receive Delivery - (See Regulation 1049.02) (10/01/94)

1849.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers, describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing House by 2:00 p.m., or by such other time designated by the Board of Directors, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing House by 3:00 p.m., or by such other time designated by the Board of Directors. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed, by placing them in buyer's mail boxes provided for that purpose in the Clearing House. (12/01/99)

1849.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. on the day of delivery except on banking holidays when delivery must be taken and payment made before 9:30 a.m. 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 By-laws and Resolutions. 3013 (10/01/94)

1849.05 Buyers Banking Notification - The long Clearing Member shall provide the short Clearing Member by 4:00 p.m. (5:00 p.m. EST) on the day of intention, one business day prior to delivery day, with a Banking Notification. The Banking Notification form will include the following information: the identification number and name of the long Clearing Member; the delivery date; the notification number of the delivery assignment; the identification number and name of the short Clearing Member making delivery; the quantity of the contract being delivered; the long Clearing Member's bank, account number and specific Federal Wire instructions for the transfer of U.S. securities. (10/01/94)

1850.00 Duties of Members - (See Rule 1050.00) (10/01/94)

1851.01 Office Deliveries Prohibited - (See Regulation 1051.01) (10/01/94)

1854.00 Failure to Accept Delivery - (See Rule 1054.00) (10/01/94)

Ch18 Regularity of Banks

1880.01 Banks - For purposes of these regulations relating to trading in long term U.S. Treasury bonds, the word "Bank" (Regulation 1842.01) shall mean a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and with capital (capital, surplus and undivided earnings) in excess of one hundred million dollars (\$100,000,000). 3015 (10/01/94)



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Chapter m18  
CBOT mini-sized U.S. Treasury Bonds  
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Chm18 Trading Conditions

m1801.01 Authority - Trading in mini-sized long term U.S. Treasury bond futures may be conducted under such terms and conditions as may be prescribed by regulation. (10/01/01)

m1802.01 Application of Regulations - Futures transactions in mini-sized long term U.S. Treasury bonds shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in mini-sized long term U.S. Treasury bonds. (10/01/01)

m1803.01 Derivative Markets - Settlement prices shall be set in accordance with this regulation consistent with the settlement prices of the primary market. Contract settlement prices shall be set equal to the settlement prices of the corresponding contracts of the primary market for such commodity. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, the manager of the clearing house shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement price shall be set at the fair market value of the contract at the close of trading. (10/01/01)

m1804.01 Unit of Trading - The unit of trading shall be United States Treasury bonds having a face value at maturity of fifty thousand dollars (\$50,000) or multiples thereof. (10/01/01)

m1805.01 Months Traded In - (See Regulation 1805.01) (10/01/01)

m1806.01 Price Basis - Minimum price fluctuations shall be in multiples of one thirty-second (1/32) point per 100 points (\$15.625 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (10/01/01)

m1807.01 Hours of Trading - The hours of trading for future delivery in mini-sized U.S. Treasury Bonds shall be determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 12:00 noon, subject to the provisions of Regulation 9B.02. (11/01/01)

m1809.01 Last Day of Trading - (See Regulation 1809.01) (10/01/01)

m1809.02 Liquidation in the Last Seven Days of the Delivery Month - (See Regulation 1809.02) (10/01/01)

m1810.01 Margin Requirements - (See Regulation 431.03) (10/01/01)

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10-Year Municipal Note Index Futures  
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Chapter 19

10-Year Municipal Note Index Futures

Ch19 Trading Conditions

1901.01 Authority - (See Rule 1701.00) (11/01/02)

1902.01 Application of Regulations - Futures transactions in CBOT(r) 10-Year Municipal Note Index (the "Index") contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in Index futures contracts. (11/01/02)

1904.01 Unit of Trading - The unit of trading shall be \$1,000.00 times the Index. (11/01/02)

1905.01 Months Traded - Trading in Index futures contracts may be scheduled in such months as determined by the Exchange. (11/01/02)

1906.01 Price Basis - The price of Index futures contracts shall be quoted in points. One point equals \$1,000.00. The minimum price fluctuation shall be 1/32 of one point or thirty-one dollars and twenty-five cents (\$31.25) per contract. Contracts shall not be made on any other price basis. (11/01/02)

1907.01 Hours of Trading - The hours of trading for future delivery in Index futures contracts shall be determined by the Board. On the last day of trading in an expiring futures contract, the closing time for such future shall be 2:00 p.m. Chicago time (3:00 p.m. New York time) subject to the otherwise applicable provisions of the second paragraph of Rule 1007.00. The market shall be opened and closed for all months simultaneously or in such other manner as the Exchange shall direct. (11/01/02)

1909.01 Last Day of Trading - No trades in Index futures contracts deliverable in the current delivery month shall be made during the last seven business days of that month. If on the last day of trading FT Interactive Data Corporation does not publish a closing Index value, the last day of trading shall be the next business day for which a closing Index value is published. (11/01/02)

1909.02 Liquidation During the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased, in accordance with Regulation 1909.01 of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Regulation 1942.01. (11/01/02)

1910.01 Margin Requirements - (See Regulation 431.03). (11/01/02)

1912.01 Position Limits and Reportable Positions - (See Regulation 425.01). (11/01/02)

Ch19 Delivery Procedures

1936.01 Standards - The contract grade shall be \$1,000.00 times the closing value of the Index on the last day of trading. The Index shall be composed and determined by the Exchange in accordance with the criteria set forth in Regulation 1950.01. The closing value of the Index shall be determined by FT Interactive Data Corporation. (11/01/02)

1942.01 Delivery on Futures Contracts - Delivery against Index futures contracts shall be made through the Clearing House. Delivery under these regulations shall be accomplished by cash settlement as hereinafter provided.

After trading ceases on the last day of trading, the Clearing House shall advise clearing members holding open positions in current month Index futures contracts of the closing value of the Index on the last day of trading. Clearing members shall make and receive payment through the Clearing House in accordance with normal variation settlement procedures. The settlement price on the last day of trading is equal to \$1,000.00 times the closing value of the Index on the last day of trading.

The final settlement value of the Index on the last day of trading shall be determined as follows:

$$\text{Final Settlement Value} = 100 * [5 / r + (1 - 5 / r) * (1 + r / 200)^{-20}]$$

where r represents the simple average yield-to-worst of the component bonds in the Index for the last day of trading, expressed in percent terms. For example, if the simple average yield-to-worst for the last day of trading is five and one quarter percent, then r is equal to 5.25.

The contract expiration price shall be the final settlement value, so determined, rounded to the nearest one thirty-second of a point.

Example: Suppose the simple average yield-to-worst on the last day of trading is 5.50. The final settlement value will be 96.19318. To render this in terms of price point and thirty-seconds of price points, note that it is between 99-7/32nds and 99-6/32nds (where each price point equals \$1,000.00):

99-7/32nds	=	96.21875
Final Settlement Value	=	96.19318
99-6/32nds	=	96.18750

The final settlement value is nearer to 99-6/32nds. Thus, the contract expiration price is obtained by rounding down to 99-6/32nds.

In the event that the final settlement value is at the exact midpoint between any two adjacent thirty-seconds of a price point, the contract expiration price will be obtained by rounding up to the nearest thirty-second of a point.

On the last day of trading, open contracts will be marked to market based on the closing futures price. A final mark to market will be made on the day the contract expiration price is determined. (11/01/02)

1947.01 Payment - (See Regulation 1049.04) (11/01/02)

1950.01 Index Composition - The Index shall be constructed by the Exchange in accordance with the following criteria:

(a) General Index Composition-The Index, at all times, shall be composed of no fewer than 100 but no more than 250 municipal bonds that are generally exempt from federal income taxation, including those generally exempt issues whose interest payments may be subject to an alternative minimum tax. The Exchange, in its discretion, may include bonds which meet the following criteria:

1. Size - Each bond shall have a principal value that is equal to or greater than \$50 million and shall be a component tranche of a municipal issuance that has a deal size that is equal to or greater than \$200 million.
2. Rating - Each bond shall carry an insured or underlying trading of AAA by Standard and Poor's Corporation (S&P) and Aaa by Moody's Investors Service (MIS) upon initial inclusion in the Index. Bonds that fall below an insured or underlying rating of A- by S&P or A3 by MIS or both shall be deleted from the Index immediately.
3. Maturity - Each bond shall have a remaining maturity that is not less than 10 years or more than 40 years from the first calendar day of the corresponding futures contract month.

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4. Call Provisions - Each bond may or may not be callable. If callable, the first call date shall be not less than 7 years from the first calendar day of the corresponding futures contract month.
5. Par Issue - Each bond must have a price that is equal to or greater than 90 at its issuance date to be eligible for inclusion in the Index.
6. Private Placements - A bond that is issued as a private placement is not eligible for inclusion in the Index.
7. Coupon - Each bond shall pay semi-annual interest at a fixed coupon rate that is not less than three percent per annum or greater than nine percent per annum.
8. Issuer Limit - No more than five percent of the number of bonds in the Index shall be from the same issuer. A bond shall be deemed to have been issued by the same issuer if such bond has the same nominal and generic security, that is, the same ultimate source of payment for debt service, of another bond in the Index. A first or second lien bond of the same generic security shall be defined as having been issued by the same issuer.
9. State Limit - No more than fifteen percent of the number of bonds in the Index shall be from within the jurisdictions of the same state, Puerto Rico. or other territorial jurisdictions.
10. Insurance Limit - Each bond may or may not be insured. No more than 40 percent of the number of bonds in the Index shall be insured by Ambac Indemnity Corporation, Financial Guaranty Insurance Corporation, Financial Security Assurance, MBIA Insurance Corporation.

(b) Index Pricing - FI Interactive Data Corporation shall compute the closing value of the Index each day the municipal bond cash market is open using the following procedures:

1. Component Bond Pricing - FT Interactive Data Corporation shall price each component bond in the Index daily. The price of each component bond shall be defined as FT Interactive Data Corporation's fair market value estimation.

With the exception of the last trading day in the current contract expiration, FT Interactive Data Corporation shall price each component bond:

- at 3:00 p.m. Chicago time (4:00 p.m. New York time) when the underlying cash market is open for normal trading hours and is therefore not subject to an early scheduled halt in cash market trading, or

- at 1:00 p.m. Chicago time (2:00 p.m. New York time) when the underlying cash market is subject to an early scheduled halt in cash market trading.

On the last trading day in the current contract expiration, however, FT Interactive Data Corporation shall price each component bond at 2:00 p.m. Chicago time (3:00 p.m. New York time).

If the Exchange determines in advance that circumstances in the cash market will occasion either an early halt to cash market trading or an otherwise unscheduled holiday which would impede FT Interactive Data Corporation from pricing the component bonds of the Index, the Exchange may suspend or reschedule the pricing for that day provided that such determination is published before the start of trading on the day in question and provided that such day is not the last day of trading in a contract month.

2. Index Computation - FT Interactive Data Corporation shall compute the daily Index value. FT Interactive Data Corporation shall first determine the price of each component bond in the Index. FT Interactive Data Corporation shall then calculate the simple average yield-to-worst of the component bonds by summing the individual yields of the component bonds and dividing by the number of component bonds. The simple average yield-to-worst of the component bonds in the Index shall be rounded to the nearest one-tenth of one basis point and rounded up in the case of a tie. This simple average yield-to-worst will be entered into the pricing algorithm in Regulation 1942.01 to calculate the daily Index value. The daily

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Index value shall be rounded to the nearest one thirty-second of a full point. If the Index value is exactly at the midpoint between two thirty-seconds of a point, the Index value shall be rounded up to the nearest one thirty-second.

With the exception of the last trading day in the current contract expiration, FT Interactive Data Corporation shall compute the daily Index value:

- at 3:00 p.m. Chicago time (4:00 p.m. New York time) when the underlying cash market is open for normal trading hours and is therefore not subject to an early scheduled halt in cash market trading; or

- at 1:00 p.m. Chicago time (2:00 p.m. New York time) when the underlying cash market is subject to an early scheduled halt in cash market trading.

On the final trading day in the current expiration month, FT Interactive Data Corporation will price the component bonds on the Index at 2:00 p.m. Chicago time (3:00 p.m. New York time) and will compute the final settlement value of the Index according to the method as described in the previous paragraph with one exception. Any component bond whose price change from the previous day's close falls outside of one standard deviation of the average price change of all component bonds in the Index will be excluded from the Index for final cash settlement purposes.

- (c) Index Revisions - The Exchange shall revise the Index after 3:00 p.m. Chicago time (4:00 p.m. New York time) on the first business day in the February, May, August and November quarterly cycle. For example, the Index revision for the March futures contract expiration will occur on the first business day in November, the index revision for the June futures contract expiration will occur on the first business day in February, the index revision for the September futures contract expiration will occur on the first business day in May, and the index revision for the December futures contract expiration will occur on the first business day in August. If such day is not an Exchange business day, or is an Exchange business day that is subject to an early halt in cash market trading, the Exchange shall revise the Index after 3:00 p.m. Chicago time (4:00 p.m. New York time) on the immediately preceding Exchange business day that is not subject to an early halt in cash market trading. The revised Index will be implemented on the next business day following an Index revision.

The Exchange shall add bonds to the Index as prescribed in Regulation 1950.01(a). The Exchange shall delete bonds from the Index as prescribed in Regulation 1950.01(d).

- (d) Bonds no longer meeting all the original selection criteria shall be deleted from the Index.

At Index revisions, no additions to, or deletions from, the Index will be implemented that would have the effect of violating global Index rules with respect to Issuer, State, or Insurance coverage limits.

In the event that more than 250 bonds meet the eligibility criteria for Index inclusion, as stipulated in Regulation 1950.01(a), the Exchange will increase in increments of \$1 million the required \$50 million principal value for bond eligibility in order to construct an Index that shall be composed of as many bonds as possible without exceeding the 250 bond limit.

The Exchange has final authority over Index composition. (11/01/02)



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X-Fund Futures  
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Chapter 20

X-Fund Futures  
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Ch 20 Trading Conditions

2001.01 Authority - Trading in CBOT(R) X-Fund futures may be conducted under such terms and conditions as may be prescribed by Regulation. (02/01/02)

2002.01 Application of Regulations - Futures transactions in CBOT X-Fund futures contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in CBOT X-Fund futures contracts. (02/01/02)

2004.01 Unit of Trading - The unit of trading shall be \$1,000 times the CBOT X-Fund Index. (02/01/02)

2005.01 Periods Traded In - Trading in CBOT X-Fund futures may be conducted in the current two week period only. The commencement of trading in the current bi-weekly CBOT X-Fund futures is a Friday designated by the Exchange and every other Friday thereafter. If such Friday is not a business day, the commencement of trading shall be the business day prior to such Friday. (02/01/02)

2006.01 Price Basis - The price of the CBOT X-Fund futures shall be quoted in points and tenths of a point (1/10). One point equals \$1,000.00. The minimum price fluctuation shall be one tenth of a point per contract, or \$100.00. Contracts shall not be made on any other price basis. (02/01/02)

2007.01 Hours of Trading - The hours of trading for future delivery in CBOT X-Fund futures shall be determined by the Exchange. (02/01/02)

2008.01 Trading Limits - None. (02/01/02)

2009.01 Last Day of Trading - No trades in the current bi-weekly CBOT X-Fund futures shall be made after the business day preceding the Friday two weeks following the commencement of trading in the current bi-weekly CBOT X-Fund futures. If such Friday is not a business day, the last day of trading shall be two business days prior to such Friday. (02/01/02)

2009.02 Liquidation During the Delivery Period - After trading in CBOT X-Fund futures contracts for future delivery in the current bi-weekly period has ceased, in accordance with Regulation 2009.01 of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Regulation 2042.01. (02/01/02)

2010.01 Margin Requirements - Margin requirements shall be as determined by the Exchange. (02/01/02)

2012.01 Position Limits and Reportable Positions - (See Regulation 425.01) Participants in CBOT X-Fund Futures must provide information to the Exchange on their trading activity, including but not limited to, volume and open interest in component futures contracts, including those listed on other designated contract markets, upon request of the Exchange. (03/01/02)

2036.01 Standards - The contract grade shall be based on the value of the CBOT X-Fund Index on final settlement day.

a) CBOT X-Fund Index Composition

i) The designer of the CBOT X-Fund Index selects the components making up the composition of the CBOT X-Fund Index. The CBOT X-Fund Index underlies the current bi-weekly CBOT X-Fund futures contract.

ii) The CBOT X-Fund Index composition shall be limited to a maximum of any four eligible futures contracts, long and/or short. The Exchange shall determine, from time to time, which futures contracts are eligible.

(1) Security futures products, as defined in Sections 1a(31) or 1a(32) of the Commodity Exchange Act, are not eligible.

(2) At a minimum, no futures contract shall be determined to be eligible unless it has been listed on a U.S. designated contract market for a minimum of twelve months and it has had an average daily trading volume of at least 5,000 contracts for all months combined for the most recent calendar quarter. Individual contract months with historical trading volume of at least 1,000 contract per day are eligible.

(3) Cash settled index futures contracts are eligible based on their components meeting criteria (2).

(4) Derivative Markets futures contracts are eligible based on their underlying primary market futures contracts meeting criteria (2).

iii) The CBOT X-Fund Index shall not contain component contracts on or after the second business day prior to the first day of delivery or cash settlement for such contracts.

iv) No changes to the component contracts or contract positions in the CBOT X-Fund Index are permitted for the duration of trading in the current bi-weekly CBOT X-Fund futures contract.

v) Changes to the component contracts or contract positions in the CBOT X-Fund Index are permitted bi-weekly, following the final settlement of the current bi-weekly CBOT X-Fund futures contract and prior to the commencement of trading in the successive bi-weekly CBOT X-Fund futures contract.

vi) On the business day preceding the commencement of trading in the current bi-weekly CBOT X-Fund futures contract the component contracts of the CBOT X-Fund Index shall be announced by the Exchange.

b) CBOT X-Fund Index Computation

i) The value of the CBOT X-Fund Index at its inception is set at \$100,000.00 or 100.0 points.

ii) The value of the CBOT X-Fund Index at the commencement of trading of each successive bi-weekly CBOT X-Fund futures contract is set equal to the special quotation

value, rounded to the nearest tenth of a point (1/10), up if .05 or more, of the X-Fund Index on the final trading day of the prior bi-weekly CBOT X-Fund futures contract.

iii) The value of the CBOT X-Fund Index, marked-to-the-market, based on the settlement prices of the component contracts, shall be posted by the Exchange at the start of trading on each trading day. (05/01/02)

2042.01 Delivery on Futures Contracts - Delivery against the CBOT X-Fund futures contract must be made through the Clearing Corporation. Delivery under these regulations shall be on the final settlement day (as described in Regulation 2042.03) and shall be accomplished by cash settlement as hereinafter provided. Clearing members holding open positions in a CBOT X-Fund futures contract at the time of termination of trading shall make payments to and receive payment through the Clearing Corporation in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price. (02/01/02)

2042.02 Final Settlement Price - The final settlement price shall be based on a special quotation of the CBOT X-Fund Index, rounded to the nearest one hundredth of a point (1/100), up if .005 or more, which corresponds to the expiring contract at the close of business on the last trading day (as described in Regulation 2009.01). This special quotation will consist of the CBOT X-Fund Index which corresponds to the expiring contract calculated using the settlement prices of the component contracts on the last trading day, except as noted below.

If a component contract month's settlement price on the last trading day is unavailable because of an anticipated or unanticipated closure of trading in the component contract, then the contribution to the final settlement price of the affected component shall be based on the settlement price of the first preceding trading day. (05/01/02)

2042.03 The Final Settlement Day - The final settlement day shall be the business day following the last trading day of the expiring contract. (02/01/02)

2043.01 Discontinuation - In the event that the CBOT X-Fund Index special quotation is below 50.0 points, the CBOT X-Fund Index is discontinued and no subsequent bi-weekly CBOT X-Fund futures on this CBOT X-Fund Index shall be listed. (02/01/02)

2047.01 Payment - See Regulation 1049.04 (02/01/02)

2048.01 Disclaimer - The CBOT is not responsible for, and does not participate in, determining the composition of the futures contracts in the CBOT X-Fund Index, other than ensuring that such contracts meet the eligibility criteria established by the Exchange. The CBOT X-Fund Index Designer has no obligation to take the needs of the traders of CBOT X-Fund futures into consideration in determining the composition of the futures contracts in the CBOT X-Fund Index. Subject to compliance with CBOT Rules and Regulation, the CBOT X-Fund Designer, and any firm of which he is a principal, may take long and short positions in CBOT X-Fund futures based on the Index that he designs and in any of the Index components. The CBOT X-Fund Designer, and such firm, shall not have any liability to any third party as a result of the fact that any such positions have been taken in compliance with CBOT Rules and Regulations and CFTC requirements.

THE CBOT X-FUND INDEX DESIGNER AND THE CBOT MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE CBOT, TRADERS OF CBOT X-FUND FUTURES, OR ANY OTHER PERSON OR ENTITY, FROM THE COMPOSITION OF THE CBOT X-FUND INDEX. THE CBOT X-FUND INDEX DESIGNER AND THE CBOT MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE CBOT X-FUND INDEX. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE CBOT X-FUND INDEX DESIGNER OR THE CBOT HAVE ANY LIABILITY

FOR INDIRECT, PUNITIVE, SPECIAL, OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN THE CBOT X-FUND INDEX DESIGNER AND THE CBOT. (03/01/02)

2049.01 Information Sharing - Notwithstanding Regulation 170.02, the Office of Investigations and Audits shall cooperate with, and provide information to, another designated contract market, upon its request, in connection with any investigation that such designated contract market may conduct relating to trading activity in a futures contract as a result of its inclusion as a component of a CBOT X-Fund futures contract. (03/01/02)

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Chapter 21  
30-Day Fed Fund Futures  
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Ch21 Trading Conditions

2101.01 Authority - (See Rule 1701.00) (10/01/94)

2102.01 Application of Regulation - Futures transactions in 30-Day Fed Fund futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in 30-Day Fed Fund futures. (10/01/94)

2104.01 Unit of Trading - The unit of trading shall be interest on Fed funds having face value of \$5,000,000 or multiples thereof for one month calculated on a 30-day basis at a rate equal to the average overnight Fed funds rate for the contract month. (10/01/94)

2105.01 Months Traded In - Trading shall be for delivery in the current calendar month, and in the following twenty-four calendar months, and in the March, June, September, and December cycle months for a forty-two month period beginning with the first such cycle month following the last spot month, provided however that the Exchange may determine not to list a contract month. (10/01/94)

2106.01 Price Basis - Prices will be quoted on an index basis, i.e., 100 minus the monthly average overnight Fed funds rate (e.g., a rate of 6.50% is quoted at 93.50). Minimum price fluctuations shall be in increments of one-half of one-hundredth of one percent of five million dollars on a 30 day basis (\$20.835 per one-half basis point), rounded up to the nearest cent. (07/01/99)

2107.01 Hours of Trading - The hours of trading for future delivery in 30-Day Fed Fund futures shall be as determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 2:00 p.m. Chicago time subject to the otherwise applicable provisions of the second paragraph of Rule 1007.00. The market shall be opened and closed for all months simultaneously or in such other manner as the Regulatory Compliance Committee shall direct. (10/01/94)

2109.01 Last Day of Trading - The last day of trading shall be the last business day of the delivery month. (10/01/94)

2109.02 Liquidation During the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased, in accordance with Regulation 2109.01 of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Regulation 2142.01. (10/01/94)

2110.01 Margin Requirements - (See Regulation 431.03). (10/01/94)

2112.01 Position Limits and Reportable Positions - (See Regulation 425.01). (10/01/94)

2113.01 Strip Transactions - A 30-Day Fed Fund futures strip transaction involving the simultaneous purchase or sale of an equal amount of futures contract months at a differential to the previous settlement prices is permitted on this Exchange provided:

1. that each month of the strip is for the same account. Provided that, when an order has been executed in the wrong month, and the erroneous transaction has been placed in the broker's or firm's error account, the error may be corrected by a spread transaction in which one leg of the spread offsets the position in the error account and the other leg is the correct execution of the order. Provided further that the liability of the floor broker or FCM shall be determined in accordance with Regulation 350.04.
2. that all months of the strip are priced at prices within the daily trading limits specified in Regulation 1008.01.
3. that the strip is offered by public outcry in the pit assigned to 30-Day Fed Fund futures.

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4. that the transaction shall be reported, recorded and publicized as a strip.
5. that when such transactions are executed simultaneously, the executing member on each side of the transaction shall designate each part of the trade as a strip on his cards or order by an appropriate word or symbol clearly identifying each part of such transactions.

Brokers may not couple separate orders and execute them as a strip, nor may a broker take one part of a strip for his own account and give the other part to a customer on an order. (10/01/94)



Ch21 Delivery Procedures

2136.01 Standards - The contract grade shall be 100 minus the average daily Fed funds overnight rate for the delivery month. The average daily Fed funds overnight rate is a simple average of the daily Fed funds overnight rates as determined by the Federal Reserve Bank of New York. This simple average will be rounded to the nearest tenth of a basis point and rounded up on the case of a tie.

For days for which the Federal Reserve Bank of New York does not compute a rate (e.g. weekends and holidays), the rate shall be the rate determined on the last business day for which a rate was determined. (08/01/01)

2142.01 Delivery on Futures Contracts - Delivery against 30-Day Fed Fund futures contracts shall be made by cash settlement through the Clearing House following normal variation margin procedures. The final settlement price will be calculated on the business day that the Federal Reserve Bank of New York releases the overnight Fed funds rate for the last day of trading. The final settlement price shall be 100 minus the average daily Fed funds overnight rate for the delivery month. On the last day of trading open contracts will be marked to market based on the closing futures price. A final mark to market will be made on the day the final settlement price is determined. (10/01/94)

2147.02 Payment - (See 1049.04) (10/01/94)

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Chapter 23  
Short Term U.S. T-Notes (2-Year)  
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Ch23 Trading Conditions

2301.00 Authority - (See Rule 1701.00) (10/01/94)

2302.01 Application of Regulation - Futures transactions in short term U.S. Treasury Notes shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in short term U.S. Treasury Notes.

For the purpose of this chapter, the trading day begins with the commencement of trading on Project A at 2:15 p.m. and ends with the close of trading of regular daytime trading. (10/01/98)

2303.01 Emergencies, Acts of God, Acts of Government - If the delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. For example, and without limiting the Board's power, it may extend delivery dates and designate alternative delivery points in the event of conditions interfering with the normal operations of approved facilities.

In the event the Board determines that there exists a shortage of deliverable U.S. Treasury Notes, it may, upon a two-thirds vote under Rule 180.00, take such action as may in the Board's sole discretion appear necessary to prevent, correct or alleviate the condition. Without limiting the foregoing or the authority of the Board under Rule 180.00, the Board may:

- (1) designate as deliverable, U.S. Treasury Bonds or U.S. Treasury Notes otherwise meeting the specifications and requirements stated in this chapter;
- (2) designate as deliverable one or more issues of U.S. Treasury Notes and/or U.S. Treasury Bonds having maturities shorter than one year, nine months or longer than two years and otherwise meeting the specifications and requirements stated in this chapter; and/or
- (3) determine a cash settlement based on the current cash value of a 6% coupon rate, one year nine months to two years U.S. Treasury Note, as determined by using the current market yield curve for U.S. Treasury securities on the last day of trading. (03/01/00)

2304.01 Unit of Trading - The unit of trading shall be United States Treasury Notes having a face value at maturity of two hundred thousand dollars (\$200,000) or multiples thereof. (10/01/94)

2305.01 Months Traded In - Trading in Short-Term U.S. Treasury Notes futures may be scheduled in such months as determined by the Exchange. (03/01/00)

2306.01 Price Basis - Minimum price fluctuations shall be in multiples of one-quarter of one thirty-second (1/32) point per 100 points (\$15.625 rounded up to the nearest 1 cent per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (10/01/94)

Ch 23 Trading Conditions

2307.01 Hours of Trading - The hours of trading for future delivery in short term U.S. Treasury Notes shall be determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 12:00 noon, subject to the provisions of the second paragraph of Rule 1007.00. The market shall be opened and closed for all months simultaneously, or in such other manner as the Regulatory Compliance Committee shall direct. (10/01/94)

2309.01 Last Day of Trading - No trades in short term U.S. Treasury Note futures deliverable in the current month shall be made following the last business day of the calendar month or two business days prior to issuance of two year notes by the U.S. Treasury auctioned in the current month, whichever occurs first, and any contracts remaining open must be settled by delivery or as provided in Regulation 2309.02 after trading in such contract has ceased. (10/01/94)

2309.02 Liquidation after Trading has Ceased - After trading in contracts for future delivery in the current delivery month has ceased in accordance with Regulation 2309.01 of this chapter, outstanding contracts may be liquidated by the delivery of book-entry U.S. Treasury Notes (Regulation 2342.01) or by mutual agreement by means of a bona fide exchange of such current futures for actual U.S. Treasury Notes or comparable instruments. Such exchange must, in any event be made no later than 12:00 p.m. (Chicago time) on the second business day immediately preceding the last business day of the delivery month as defined in Regulation 2346.01. (10/01/94)

## Ch23 Delivery Procedures

2336.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be U.S. Treasury Notes which have an original maturity no greater than five years three months and remaining maturity not less than one year, nine months and not more than two years as defined below. All notes delivered against a contract must be of the same issue. For settlement or for determining remaining maturity for delivery eligibility, the time to maturity of a given issue is calculated in complete one month increments (i.e. 1 year, 10 months, 17 days is taken to be 1 year, 10 months) from the first day of the delivery month. The price at which a note with this time to maturity and with the same coupon rate as this issue will yield 6%, according to bond tables prepared by the Financial Publishing Co. of Boston, Mass., is multiplied by the settlement price to arrive at the amount at which the short invoices the long.

Interest accrued on the notes shall be charged to the long by the short in accordance with Department of the Treasury Circular 300, Subpart P.

New issues of U.S. Treasury Notes which satisfy the standards in this regulation shall be added to the deliverable grade as they are issued. If during the auction of a note which will meet the standards of this chapter the Treasury reopens an existing issue, thus rendering the existing issue indistinguishable from the newly auctioned one, the older issue is deemed to meet the standards of this chapter and would be deliverable. The Exchange shall have the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status. (03/01/00)

2342.01 Deliveries on Futures Contracts - Deliveries against short-term U.S. Treasury Notes futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 2380.01) in accordance with Department of Treasury Circular 300, Subpart 0: Book-Entry Procedure. Delivery must be made no later than the last business day of the month. Notice of intention to deliver shall be given to the Board of Trade Clearing Corporation by 8:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time) on delivery day. The short Clearing Member must have contract grade U.S. Treasury notes at his bank in acceptable (to his bank) delivery form by 10:00 a.m. (Chicago time) on delivery day. The short Clearing Member must notify his bank (Regulation 2380.01) to transfer contract grade U.S. Treasury notes by book-entry to the long Clearing Member's account on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time) and notify his bank (Regulation 2380.01) to accept contract grade U.S. Treasury notes and to remit federal funds to the short Clearing Members' account at the short Clearing Member's bank (Regulation 2380.01) in payment for delivery of the notes. Contract grade U.S. Treasury notes must be transferred and payment must be made before 1:00 p.m. (Chicago time) on delivery day. All deliveries must be assigned by the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it received from its customers who are short. (12/01/99)

2342.02 Wire Failure - In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the long Clearing Member's bank or the short Clearing Member's bank access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. on the next business day on which the Federal Reserve wire is operable. Interest shall accrue to the long paid by the short beginning on the day at which the notes were to be originally delivered.

In the event of such failure, both the long and short must provide documented evidence that the instructions were given to their respective banks in accordance with Regulations 2342.01 and 2349.04 and that all provisions of Regulations of 2342.01 and 2349.04 have been complied with. (10/01/94)

2346.01 Date of Delivery - Delivery of short term U.S. Treasury Notes may be made by the short upon any permissible delivery day of the delivery month the short may select. The delivery month extends to and includes the third business day following the last trading day in the current month. Delivery of short term U.S. Treasury Notes must be made no later than the last business day

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Ch24 Trading Conditions

2401.00 Authority - (See Rule 1701.00) (10/01/94)

2402.01 Application of Regulations - Futures transactions in long term U.S. Treasury Notes shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in long term U.S. Treasury Notes. (09/01/00)

2403.01 Emergencies, Acts of God, Acts of Government - If the delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. For example, and without limiting the Board's power, it may extend delivery dates and designate alternative delivery points in the event of conditions interfering with the normal operations of approved facilities.

In the event the Board determines that there exists a shortage of deliverable U.S. Treasury Notes, it may, upon a two-thirds vote under Rule 180.00, take such action as may be in the Board's sole discretion appear necessary to prevent, correct or alleviate the condition. Without limiting the foregoing or the authority of the Board under Rule 180.00, the Board may:

- (1) designate as deliverable, callable U.S. Treasury Bonds otherwise meeting the specifications and requirements stated in this chapter;
- (2) designate as deliverable one or more issues of U.S. Treasury Notes and/or U.S. Treasury Bonds having maturities shorter than six and one-half years, or longer than ten years and otherwise meeting the specifications and requirements stated in this chapter; and/or
- (3) determine a cash settlement based on the current cash value of a 6% coupon rate, six and one-half years to ten years U.S. Treasury Note, as determined by using the current market yield curve for U.S. Treasury securities on the last day of trading. (03/01/00)

2404.01 Unit of Trading - The unit of trading shall be United States Treasury Notes having a face value at maturity of one hundred thousand dollars (\$100,000) or multiples thereof. (10/01/94)

2405.01 Months Traded In - Trading in Long-Term U.S. Treasury notes futures may be scheduled in such months as determined by the Exchange. (03/01/00)

2406.01 Price Basis - Minimum price fluctuations shall be in multiples of one-half of one thirty-second (1/32) point per 100 points (\$15.625 per contract) except for intermonth spreads, where minimum price fluctuations shall be in multiples of one-fourth of one thirty-second point per 100 points (\$7.8125 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (02/01/01)

2407.01 Hours of Trading - The hours of trading for future delivery in long term U.S. Treasury Notes shall be determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 12:00 noon subject to the provisions of the second paragraph of Rule 1007.00.

The market shall be opened and closed for all months simultaneously, or in such other manner as the Regulatory Compliance Committee shall direct. (10/01/94)

2409.01 Last Day of Trading - No trades in long term U.S. Treasury Note futures deliverable in the current month shall be made during the last seven business days of that month and any contracts

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remaining open must be settled by delivery or as provided in Regulation 2409.02 after trading in such contracts has ceased. (10/01/94)

2409.02 Liquidation in the Last Seven Days of Delivery Months - After trading in contracts for future delivery in the current delivery month has ceased in accordance with Regulation 2409.01 of this chapter, outstanding contracts may be liquidated by the delivery of book-entry U.S. Treasury Notes or Bonds (Regulation 2442.01) or by mutual agreement by means of a bona fide exchange of such current futures for actual U.S. Treasury Notes or Bonds or comparable instruments. Such exchange must, in any event, be made no later than the fifth business day immediately preceding the last business day of the delivery month. (10/01/94)

2412.12 Position Limits and Reportable Positions - (See Regulation 425.01) (10/01/94)



2436.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be U.S. Treasury Notes which have an actual maturity of not less than six and one-half years and not more than ten years. All notes delivered against a contract must be of the same issue. For settlement, the time to maturity of a given issue is calculated in complete quarter year increments (i.e. 8 years, 10 months, 17 days is taken to be 8 years, 9 months) from the first day of the delivery month. The price at which a note with this time to maturity and with the same coupon rate as this issue will yield 6%, according to bond tables prepared by the Financial Publishing Co. of Boston, Mass., is multiplied by the settlement price to arrive at the amount at which the short invoices the long.

U.S. Treasury Notes deliverable against futures contracts under these regulations must have semi-annual coupon payments.

Interest accrued on the notes shall be charged to the long by the short in accordance with Department of the Treasury Circular 300, Subpart P.

New issues of U.S. Treasury Notes which satisfy the standards in this regulation shall be added to the deliverable grade as they are issued. If during the auction of a note which will meet the standards of this chapter the Treasury reopens an existing issue, thus rendering the existing issue indistinguishable from the newly auctioned one, the older issue is deemed to meet the standards of this chapter and would be deliverable. The Exchange shall have the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status. (03/01/00)

2442.01 Deliveries of Futures Contracts - Deliveries against long term U.S. Treasury Note futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 2480.01) in accordance with Department of Treasury Circular 300, Subpart O: Book-Entry Procedure. Delivery must be made no later than the last business day of the month. Notice of intention to deliver shall be given to the Board of Trade Clearing Corporation by 8:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time) on delivery day. The short Clearing Member must have contract grade U.S. Treasury notes in place at his bank in acceptable (to his bank) delivery form no later than 10:00 a.m. (Chicago time) on delivery day. The short Clearing Member must notify his bank (Regulation 2480.01) to transfer contract grade U.S. Treasury notes by book-entry to the long Clearing Member's account at the long Clearing Member's bank on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time) and notify his bank (Regulation 2480.01) to accept contract grade U.S. Treasury notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 2480.01) in payment for delivery of the notes. Contract grade U.S. Treasury notes must be transferred and payment must be made before 1:00 p.m. (Chicago time) on delivery day. All deliveries must be assigned by the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it received from its customers who are short. (12/01/99)

2442.02 Wire Failure - In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the long Clearing Member's bank or the short Clearing Member's bank access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. on the next business day on which the Federal Reserve wire is operable. Interest shall accrue to the long paid by the short beginning on the day at which the notes were to be originally delivered.

In the event of such failure, both the long and short must provide documented evidence that the instructions were given to their respective banks in accordance with Regulations 2442.01 and 2449.04 and that all other provisions of Regulations of 2442.01 and 2449.04 have been complied with. (10/01/94)

Ch24 Delivery Procedures

2446.01 Date of Delivery - Delivery of long term U.S. Treasury Notes may be made by the short upon any permissible delivery day of the delivery month the short may select. Delivery of long term U.S. Treasury Notes must be made no later than the last business day of that month. (10/01/94)

2447.01 Delivery Notices - (See Regulation 1047.01) (10/01/94)

2448.01 Method of Delivery - (See Regulation 1048.01) (10/01/94)

2449.00 Time of Delivery, Payment, Form of Delivery Notice - (See Rule 1049.00) (10/01/94)

2449.02 Buyer's Report of Eligibility to Receive Delivery - (See Regulation 1049.02) (10/01/94)

2449.03 Sellers Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing House by 2:00 p.m., or by such other time designated by the Board of Directors, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing House by 3:00 p.m., or by such other time designated by the Board of Directors. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed, by placing them in buyer's mail boxes provided for that purpose in the Clearing House. (12/01/99)

2449.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. on the day of delivery, except on banking holidays when delivery must be taken and payment made before 9:30 a.m. the next 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 by-laws and resolutions. (10/01/94)

2449.05 Buyers Banking Notification - The long Clearing Member shall provide the short Clearing member by 4:00 p.m. (5:00 p.m. EST) on the day of intention, one business day prior to delivery day, with a Banking Notification. The Banking Notification form will include the following information: the identification number and name of the long Clearing Member; the delivery date; the notification number of the delivery assignment; the identification number and name of the short Clearing Member making delivery; the quantity of the contract being delivered; the long Clearing Member's bank, account number and specific Federal Wire instructions for the transfer of U.S. securities. (10/01/94)

Ch24 Regularity of Banks

2480.01 Banks - For purposes of these regulations relating to trading in long term U.S. Treasury Notes, the word "Bank" (Regulation 2442.01) shall mean a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and with capital (capital, surplus and undivided earnings) in excess of one hundred million dollars (\$100,000,000). (10/01/94)

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Medium Term U.S. Treasury Notes (5 Year)  
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Chapter 25  
Medium Term U.S. Treasury Notes (5 Year)  
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Ch25 Trading Conditions

2501.00 Authority - (See Rule 1701.00) (10/01/94)

2502.01 Application of Regulations - Futures transactions in medium term U.S. Treasury Notes shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in medium term U.S. Treasury Notes. (09/01/00)

2503.01 Emergencies, Acts of God, Acts of Government - If the delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. For example, and without limiting the Board's power, it may extend delivery dates and designate alternative delivery points in the event of conditions interfering with the normal operations of approved facilities.

In the event the Board determines that there exists a shortage of deliverable U.S. Treasury Notes, it may, upon a two-thirds vote under Rule 180.00, take such action as may in the Board's sole discretion appear necessary to prevent, correct or alleviate the condition. Without limiting the foregoing or the authority of the Board under Rule 180.00, the Board may:

- (1) designate as deliverable, U.S. Treasury Bonds otherwise meeting the specifications and requirements stated in this chapter;
- (2) designate as deliverable one or more issues of U.S. Treasury Notes and/or U.S. Treasury Bonds having maturities shorter than four years and two months, or longer than five years and two months and otherwise meeting the specifications and requirements stated in this chapter.
- (3) determine a cash settlement based on the current cash value of a 6% coupon rate, five year U.S. Treasury Note, as determined by using the current cash market yield curve for U.S. Treasury securities on the last day of trading. (03/01/00)

2504.01 Unit of Trading - The unit of trading shall be United States Treasury Notes having a face value at maturity of one hundred thousand dollars (\$100,000) or multiples thereof. (10/01/94)

2505.01 Months Traded In - Trading in Medium-Term U.S. Treasury notes futures may be scheduled in such months as determined by the Exchange. (03/01/00)

2506.01 Price Basis - Minimum price fluctuations shall be in multiples of one-half of one thirty-second (1/32) point per 100 points (\$15.625 rounded up to the nearest 1c per contract) except for intermonth spreads, where minimum price fluctuations shall be in multiples of one-fourth of one thirty-second point per 100 points (\$7.8125 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (02/01/01)

2507.01 Hours of Trading - The hours of trading for future delivery in U.S. Treasury Notes shall be determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 12:00 noon subject to the provisions of the second paragraph of Rule 1007.00. The market shall be opened and closed for all months simultaneously or in such other manner as the Regulatory Compliance Committee shall direct. (10/01/94)

2509.01 Last Day of Trading - No trades in medium term U.S. Treasury Note futures deliverable in the current month shall be made during the last seven business days of that month and any contracts remaining open must be settled by delivery as provided in Regulation 2509.02 after trading in such contracts has ceased. (10/01/94)

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CBOT mini-sized Long Term U.S. Treasury Notes  
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Chapter m24  
CBOT mini-sized Long Term U.S. Treasury Notes  
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Chm24 Trading Conditions

m2401.01 Authority - Trading in mini-sized long term U.S. Treasury Note futures may be conducted under such terms and conditions as may be prescribed by regulation. (10/01/01)

m2402.01 Application of Regulations - Futures transactions in mini-sized long term U.S. Treasury Notes shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in mini-sized long term U.S. Treasury Notes. (10/01/01)

m2403.01 Emergencies, Acts of God, Acts of Government - (See Regulation 2403.01) (10/01/01)

m2403.02 Derivative Markets - Settlement prices shall be set in accordance with this regulation consistent with the settlement prices of the primary market. Contract settlement prices shall be set equal to the settlement prices of the corresponding contracts of the primary market for such commodity. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, the manager of the clearing house shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement price shall be set at the fair market value of the contract at the close of trading. (10/01/01)

m2404.01 Unit of Trading - The unit of trading shall be United States Treasury Notes having a face value at maturity of fifty thousand dollars (\$50,000) or multiples thereof. (10/01/01)

m2405.01 Months Traded In - (See Regulation 2405.01) (10/01/01)

m2406.01 Price Basis - Minimum price fluctuations shall be in multiples of one-half of one thirty-second (1/32) point per 100 points (\$7.8125 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (10/01/01)

m2407.01 Hours of Trading - The hours of trading for future delivery in mini-sized Long Term U.S. Treasury Notes shall be determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 12:00 noon, subject to the provisions of Regulation 9B.02. (11/01/01)

m2409.01 Last Day of Trading - (See Regulation 2409.01) (10/01/01)

m2409.02 Liquidation in the Last Seven Days of the - (See Regulation 2409.02) (10/01/01) Delivery Month

m2410.01 Margin Requirements - (See Regulation 431.03) (10/01/01)

m2412.01 Position Limits and Reportable Positions - (See 425.01 and 425.10) (10/01/01)

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- m2454.00 Failure to Accept Delivery - (See Rule 1054.00) (10/01/01)

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- m2480.01 Banks - (See Regulation 2480.01) (10/01/01)

m2403



Ch25 Trading Conditions

2509.02 Liquidation in the Last Seven Days of the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased in accordance with Regulation 2509.01 of this chapter, outstanding contracts may be liquidated by the delivery of book-entry U.S. Treasury Notes (Regulation 2542.01) or by mutual agreement by means of bona fide exchange of such current futures for actual U.S. Treasury Notes or comparable instruments. Such exchange must, in any event, be made no later than the fifth business day immediately preceding the last business day of the delivery month. (10/01/94)

2510.01 Margin Requirements - (See Regulation 431.03) (10/01/94)

2536.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be U.S. notes which have an original maturity of not more than 5 years three months and which have a remaining maturity of not less than four years and two months as defined below. To be delivered in the current month, the note must have been issued by the Treasury before the last day of trading in the current month. All notes or bonds delivered against a contract must be of the same issue. For settlement, the time to maturity of a given issue is calculated in complete one month increments (i.e. 4 years, 5 months and 14 days is taken to be 4 years and 5 months) from the first day of the delivery month. The price at which a note with this time to maturity and with the same coupon rate as this issue will yield 6%, according to bond tables prepared by the Financial Publishing Co. of Boston, Mass., is multiplied by the settlement price to arrive at the amount which the short invoices the long.

Interest accrued on the notes shall be charged to the long by the short in accordance with Department of the Treasury Circular 300, Subpart P.

New issues of U.S. Treasury Notes which satisfy the standards in this regulation shall be added to the deliverable grade as they are issued. If during the auction of a note which will meet the standards of this chapter the Treasury re-opens an existing issue, thus rendering the existing issue indistinguishable from the newly auctioned one, the older issue is deemed to meet the standards of this chapter and would be deliverable. The Exchange shall have the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status. (03/01/00)

2542.01 Deliveries on Futures Contracts - Deliveries against medium term U.S. Treasury Note futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 2580.01) in accordance with Department of Treasury Circular 300, Subpart O: Book-Entry Procedure. Delivery must be made no later than the last business day of the month. Notice of intention to deliver shall be given to the Board of Trade Clearing Corporation by 8:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time) on delivery day. The short Clearing Member must have contract grade U.S. Treasury notes at his bank in acceptable (to his bank) delivery form by 10:00 a.m. (Chicago time) on delivery day. The short Clearing Member must notify his bank (Regulation 2580.01) to transfer contract grade U.S. Treasury notes by book-entry to the long Clearing Member's account on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time) and notify his bank (Regulation 2580.01) to accept contract grade U.S. Treasury notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 2580.01) in payment for delivery of the notes. Contract grade U.S. Treasury notes must be transferred and payment must be made before 1:00 p.m. (Chicago time) on delivery day. All deliveries must be assigned by the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it received from its customers who are short. (12/01/99)

2542.02 Wire Failure - In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the long Clearing Member's bank or the short Clearing Member's bank access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. on the next business day on which the Federal Reserve wire is operable. Interest shall accrue to the long paid by the short beginning on the day at which the notes were to be originally delivered.

In the event of such failure, both the long and short must provide documented evidence that the instructions were given to their respective banks in accordance with Regulations 2542.01 and 2549.04 and that all other provisions of Regulations of 2542.01 and 2549.04 have been complied with. (10/01/94)

2546.01 Date of Delivery - Delivery of medium term U.S. Treasury Notes may be made by the short upon any permissible delivery day of the delivery month the short may select. Delivery of

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medium term U.S. Treasury Notes must be made no later than the last business day of that month. (10/01/94)

2547.01 Delivery Notices - (See Regulation 1047.01) (10/01/94)

2548.01 Method of Delivery - (See Regulation 1048.01) (10/01/94)

2549.00 Time of Delivery, Payment, Form of Delivery Notice - (See Rule 1049.00) (10/01/94)

2549.02 Buyer's Report of Eligibility to Receive Delivery - (See Regulation 1049.02) (10/01/94)

2549.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers, describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing House by 2:00 p.m., or by such other time designated by the Board of Directors, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing House by 3:00 p.m., or by such other time designated by the Board of Directors. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed, by placing them in buyer's mail boxes provided for that purpose in the Clearing House. (12/01/99)

2549.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. on the day of delivery, except on banking holidays when delivery must be taken and payment made before 9:30 a.m. 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 by-laws and resolutions. (10/01/94)

2549.05 Buyers Banking Notification - The long Clearing Member shall provide the short Clearing member by 4:00 p.m. (5:00 p.m. EST) on the day of intention, one business day prior to delivery day, with a Banking Notification. The Banking Notification form will include the following information: the identification number and name of the long Clearing Member; the delivery date; the notification number of the delivery assignment; the identification number and name of the short Clearing Member making delivery; the quantity of the contract being delivered; the long Clearing Member's bank, account number and specific Federal Wire instructions for the transfer of U.S. securities. (10/01/94)

2550.00 Duties of Members - (See Rule 1050.00) (10/01/94)

2551.01 Office Deliveries Prohibited - (See Regulation 1051.01) (10/01/94)

2554.00 Failure to Accept Delivery - (See Rule 1054.00) (10/01/94)

Ch25 Regularity of Banks

2580.01 Banks - For purposes of these regulations relating to trading in U.S. Treasury notes, the word "Bank" (Regulation 2542.01) shall mean a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and with capital (capital, surplus, and undivided earnings) in excess of one hundred million dollars (\$100,000,000). (10/01/94)

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CBOT mini-sized Three-Month Eurodollar Time Deposits  
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Ch26 Trading Conditions

2601.01 Authority - Trading in mini-sized Eurodollar futures may be conducted under such terms and conditions as may be prescribed by regulation. (12/01/01)

2602.01 Application of Regulations - Futures transactions in mini-sized Eurodollars shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in mini-sized Eurodollars. (12/01/01)

2603.01 Derivative Markets - Settlement prices shall be set in accordance with this regulation consistent with the settlement prices of the primary market. Contract settlement prices therein shall be set equal to the settlement prices of the corresponding contracts of the primary market for such commodity. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, the manager of the clearing house shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement price shall be set at the fair market value of the contract at the close of trading. (12/01/01)

2604.01 Unit of Trading - The unit of trading shall be three-month Eurodollar time deposits in the amount of \$500,000. (12/01/01)

2605.01 Months Traded in - Trading in mini-sized Eurodollar futures may be scheduled in such months as determined by the Exchange. (12/01/01)

2606.01 Price Basis - Minimum price fluctuations shall be one-half of one basis point (0.005) of \$500,000 on a 90-day basis, or \$6.25 per contract. Prices shall be quoted in terms of an index consisting of the difference between the number 100.00 and the three-month Eurodollar yield on an annual basis for a 360-day year. (For example, a deposit rate of 4.50 percent shall be quoted as 95.50.) Contracts shall not be made on any other price basis. (12/01/01)

2607.01 Hours of Trading - The hours of trading for future delivery in mini-sized Eurodollar futures shall be determined by the Exchange. (12/01/01)

2609.01 Last Day of Trading The last day of trading in Eurodollar futures contracts, deliverable in the current month, shall be the second London bank business day immediately preceding the third Wednesday of the contract month. On the last day of trading in an expiring future, the closing time for such future shall be 11:00 a.m. (London time)\*, subject to the provisions of Regulation 9B.02. (12/01/01)

\*This is 5:00 a.m. (Chicago time) except when Daylight Saving Time is in effect in either, but not both, London or Chicago.

2610.01 Margin Requirements - (See Regulation 431.03) (12/01/01)

2612.01 Position Limits and Reportable Positions - (See Regulation 425.01) (12/01/01)

Ch26 Delivery Procedures

2636.01 Standards - Each contract which is not offset prior to the expiration of trading shall be offset with the clearing house on the second London bank business day immediately preceding the third Wednesday of the contract month at a settlement price established by the International Monetary Market for settlement of its corresponding expiring Three-Month Eurodollar Time Deposits futures contract. If the foregoing date for cash settlement is an Exchange holiday, each contract which is not offset prior to the expiration of trading shall be offset with the clearing house on the next succeeding Exchange business day. (12/01/01)

2642.01 Deliveries of Futures Contracts - Deliveries against mini-sized Eurodollar futures contracts must be made through the Clearing Corporation. Delivery under these regulations shall be made on settlement day and shall be accomplished by cash settlement as hereinafter provided.

The Clearing Corporation will advise clearing members holding open positions in mini-sized Eurodollar futures contracts deliverable in the current month of the final settlement price established for that month, as soon as practicable on settlement day. Clearing members shall then make payment to and receive payment through the Clearing Corporation in accordance with normal variation settlement procedures, based on the settlement price. (12/01/01)

2647.01 Payment - (See Regulation 1049.04) (12/01/01)

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Chapter 27A (Standard Options)  
Long Term Treasury Note Futures Options  
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Chapter 27A (Standard Options)  
Long Term Treasury Note Futures Options  
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Ch27A Trading Conditions

A2701.00 Authority - (See Rule 2801.00) (10/01/94)

A2701.01 Application of Regulations - Transactions in put and call options on Long Term Treasury Note futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Long Term Treasury Note futures contracts. (See Rule 490.00) (09/01/00)

A2702.01 Nature of Long Term Treasury Note Futures Put Options - The buyer of one (1) Long Term Treasury Note futures put option may exercise his option at any time prior to expiration (subject to Regulation 2707.01), to assume a short position in one (1) Long Term Treasury Note futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Long Term Treasury Note futures put option incurs the obligation of assuming a long position in one (1) Long Term Treasury Note futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

A2702.02 Nature of Long Term Treasury Note Futures Call Options - The buyer of one (1) Long Term Treasury Note futures call option may exercise his option at any time prior to expiration (subject to Regulation 2707.01), to assume a long position in one (1) Long Term Treasury Note futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Long Term Treasury Note futures call option incurs the obligation of assuming a short position in one (1) Long Term Treasury Note futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

A2703.01 Trading Unit - One (1) \$100,000 face value Long Term Treasury Note futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

A2704.01 Striking Prices - Trading shall be conducted for put and call options with striking prices in integral multiples of one (1) point per Long Term Treasury Note futures contract. At the commencement of trading for such option contracts, the following strike prices shall be listed: one with a striking price closest to the previous day's settlement price on the underlying Long Term Treasury Note futures contract, and the next fifteen consecutive higher and the next fifteen consecutive lower striking prices closest to the previous day's settlement price; and all strike prices listed for all other option contract months listed at the time. If the previous day's settlement price is midway between two striking prices, the closest price shall be the larger of the two. When a sale in the underlying Long Term Treasury Note futures contract occurs at a price greater than or equal to the fifteenth largest striking price, a new striking price one increment higher than the existing striking prices will be added. When a sale in the underlying Long Term Treasury Note futures contract occurs at a price less than or equal to the fifteenth smallest striking price, a new striking price one increment lower than the existing striking prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all option contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions. (01/01/99)

A2705.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

A2706.01 Option Premium Basis - The Premium for Long Term Treasury Note futures options

Ch27A Trading Conditions

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shall be in multiples of one sixty-fourth (1/64) of one percent (1%) of a \$100,000 Long Term Treasury Note futures contract which shall equal \$15.63 per 1/64 and \$1,000 per full point.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract.

If options are quoted in volatility terms, the minimum fluctuation shall be .10 percent (i.e.-10.0%, 10.1%, 10.2%, etc.) (10/01/94)

A2707.01 Exercise of Option - The buyer of a Long Term Treasury Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A2707.02 Automatic Exercise - Notwithstanding the provisions of Regulation 2707.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A2708.01 Expiration of Option - Unexercised Long Term Treasury Note futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

A2709.01 Months Traded In - Trading may be conducted in Long Term Treasury Note futures options for a thirty six month period extending from the nearby contract month, provided however, that the Exchange may determine not to list a contract month. Both serial and quarterly options may be listed to expire into either front-month or deferred futures as determined by the Board. (06/01/99)

A2710.01 Trading Hours - The hours of trading of options on Long Term Treasury Note futures contracts shall be determined by the Board. On the last day of trading in an expiring option the closing time for such option shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Long Term Treasury Note futures contract, subject to the provisions of the second paragraph of Rule 1007.00. Long Term Treasury Note futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (04/01/00)

A2711.01 Position Limits and Reportable Positions - (See Regulation 425.01) (10/01/00)

A2712.01 Margin Requirements - (See Regulation 431.05) (10/01/94)

A2713.01 Last Day of Trading - No trades in Long Term Treasury Note futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Long Term Treasury Note futures contract, on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, or there is a Friday which is not a business day which precedes by one business day the last business day of the month preceding the option month, the last day of trading shall be the business day prior to such Friday. (07/01/01)

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Chapter 27B (Flexible Options)  
Long Term Treasury Note Flexible Options  
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Chapter 27B (Flexible Options)  
Long Term Treasury Note Flexible Options  
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Note: The following Flexible option regulations with the exception noted in the second paragraph of Regulation 2702.03 supersede the corresponding standard regulations presented in Part A of this chapter. Regulations 2701.00, 2701.01, 2702.01, 2702.02, 2705.01, 2706.01, 2710.01, 2711.01, 2712.01, and 2714.01 remain in effect for both standard and Flexible options.

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B2702.03 Nature of Flexible Options - Flexible options on Long Term Treasury Note futures shall be permitted in puts and calls which do not have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options.

However, Flexible Options on Long Term Treasury Note futures shall also be permitted in puts and calls which have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options that are not at the time listed for trading in the standard options pit or on e-cbot. All Flexible Option regulations except 2707.01, 2707.02, 2708.01, and 2713.01 will pertain for these options.\*

Trading shall be permitted in any CBOT recognized option/option or option/futures spread involving puts, calls or futures. (09/01/00)

B2703.01 Trading Unit - The minimum size for requesting a quote and/or trading in a flexible option series is 50 contracts, where each contract represents one of the underlying futures contracts at the Chicago Board of Trade. Parties may request a quote and/or trade for less than 50 contracts in order to entirely close out a position in a flexible series.

For a flexible options series, respondents to a request for quote, must be willing to trade at least 50 contracts, with the exception that a respondent may trade less than 50 contracts if the respondent is entirely closing out a position in the series. (07/01/99)

B2704.01 Strike Prices - Strike prices for flexible options must be specified in points and 32nd's of points per Long Term Treasury Note futures contract. However, for a Request for Quote (RFQ), strike prices may be specified in one 32nd point increments relative to the underlying futures contract. Strike prices cannot be outside the range of the currently listed strike prices for standard options. (06/01/95)

B2707.01 Exercise of Flexible Options - Notification of the intent to exercise a flexible option must be received by the Clearing Corporation by 4:10 p.m. Chicago time, or by such other time designated by the Board of Directors. No exceptions to the 4:10 p.m. exercise deadline, or such other deadline designated by the Board of Directors, shall be permitted.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2702.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B2707.02 Automatic Exercise - After the close on the last day of trading, all in-the-money flexible options will be automatically exercised unless notice to cancel automatic exercise is given to the Clearing Corporation by 4:10 p.m., or by such other time designated by the Board of Directors, on that day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2702.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B2708.01 Expiration Date - Flexible option expiration may be specified for any Monday through Friday that is not an Exchange holiday except that expiration may not occur following the last Friday that precedes by at least two business days the last business day of the calendar month preceding the underlying future contract month. Flexible options expire at 4:30 p.m. on the last trading

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day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2702.03 will follow expiration and exercise procedures as specified in the standard option regulations. (07/01/01)

B2709.01 Months Traded In - Trading may be conducted in flexible options in any month up through the most distant underlying futures contract in which a trade has occurred. (05/01/94)

B2713.01 Last Day of Trading - The last day of trading in a flexible option shall be the expiration day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2702.03 will follow expiration and exercise procedures as specified in the standard option regulations. (05/01/94)

B2715.01 Exercise Style - Flexible options may be American or European exercise style. (10/01/94)

B2716.01 Underlying Futures Contract for Flexible Options - The underlying futures contract for a flexible option shall be the same as the underlying futures contract month of the nearest March quarterly cycle standard futures option expiring on or after the expiration of the flexible option. (10/01/94)

B2717.01 Initiating a Flexible Option Contract Series - The opening of trading in any flexible option series shall occur through the submission of an RFQ or at such time that a trade takes place in the particular flexible option series. If so desired, participants can submit additional RFQ's for any open series. However, in this situation no priority period (Regulation 2719.01) will exist. (02/01/01)

B2719.01 RFQ Trading Interval - If the submitter of the first RFQ of the day in a flexible series requests either a bid or an offer but not both, then they shall have up to a one minute priority period during which they shall have the sole right to either buy or sell as specified in their RFQ. The exact length of the priority period shall be determined by the Exchange.

If more than one RFQ is the first RFQ of the day in a flexible series, all the RFQ's individually ask for either a bid or an offer but not both, and all the RFQ's collectively are for the same side of the market (all bids or all offers) then the submitters shall jointly share priority during the priority period.

Priority for RFQ's is determined by submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally. (02/01/01)

B2720.01 Expiration of an RFQ - Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session. Trading in a given flexible option series following a transaction in that series shall remain open through the remainder of the trading session in which the transaction was executed and through each subsequent session in which there is open interest in the flexible option series. (02/01/01)

B2721.01 Reporting of Flexible Option Trades - It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the flexible pit reporter in a timely manner, including any later trades in open flexible contract term series. (10/01/94)

\* The effect of the second paragraph of Regulation 2702.03 is to permit trading in standard options under certain Flexible trading procedures prior to the listing of such options in the standard options pit or on e-cbot. Once and if these options are listed for trading in the standard options pit or on e-cbot, they will be traded only in the standard options pit or on e-cbot subject to standard options trading requirements. Upon such listing, all existing open positions established under Flexible trading procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

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T-Bond Futures Options  
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Chapter 28A (Standard Options)  
T-Bond Futures Options  
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Ch28A Trading Conditions

A2801.00 Authority - Trading in put and call options on futures contracts and on commodities may be conducted under such terms and conditions as may be prescribed by regulation. (10/01/94).

A2801.01 Application of Regulations - Transactions in put and call options on U.S. Treasury Bond futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on U.S. Treasury Bond futures contracts. (See Rule 490.00) (09/01/00)

A2802.01 Nature of U.S. Treasury Bond Futures Put Options - The buyer of one (1) U.S. Treasury Bond futures put option may exercise his option at any time prior to expiration (subject to Regulation 2807.01), to assume a short position in one (1) U.S. Treasury Bond futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) U.S. Treasury Bond futures put option incurs the obligation of assuming a long position in one (1) U.S. Treasury Bond futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

A2802.02 Nature of U.S. Treasury Bond Futures Call Options - The buyer of one (1) U.S. Treasury Bond futures call option may exercise his option at any time prior to expiration (subject to Regulation 2807.01), to assume a long position in one (1) U.S. Treasury Bond futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) U.S. Treasury Bond futures call option incurs the obligation of assuming a short position in one (1) U.S. Treasury Bond futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

A2803.01 Trading Unit - One (1) \$100,000 face value U.S. Treasury Bond futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

A2804.01 Striking Prices - Trading shall be conducted for put and call options with striking prices in integral multiples of two (2) points and one (1) point per U.S. Treasury Bond futures contract as follows: At the commencement of trading for quarterly expirations the following strike prices in two point intervals shall be listed: one with a striking price closest to the previous day's settlement price on the underlying U.S. Treasury Bond futures contract, the next fifteen consecutive higher and the next fifteen consecutive lower striking prices closest to the previous day's settlement price; and all two point strike prices listed for all other option contract months listed at the time. If the previous day's settlement price is midway between two striking prices, the closest striking price shall be the larger of the two. Over time new two point striking prices will be added to ensure that at least fifteen two point striking prices always exist above and below the previous day's trading range in the underlying futures. When a new two point strike price is added for an option contract month, the same strike price will be added to all option contract months for which that strike price is not already listed. At the commencement of trading for a non-quarterly expiration and for a quarterly expiration on the day they become the second deferred month, the following striking prices in one point intervals shall be listed: one with a striking price closest to the U.S. Treasury Bond futures contract's previous day's settlement price, the next thirty consecutive higher and lower striking prices in one point intervals and all other striking prices in two point intervals that exist for other option contract months. Over time, new one point striking prices will be added to ensure that at least thirty one point striking prices always exist above and below the previous day's trading range in the underlying futures. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions. (09/01/00)

A2805.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time



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that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

A2806.01 Option Premium Basis - The Premium for U.S. Treasury Bond futures options shall be in multiples of one sixty-fourth (1/64) of one percent (1%) of a \$100,000 U.S. Treasury Bond futures contract which shall equal \$15.63 per 1/64 and \$1,000 per full point.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract.

If options are quoted in volatility terms, the minimum fluctuation shall be .10 percent (i.e.-10.0%, 10.1%, 10.2%, etc.) (10/01/94)

A2807.01 Exercise of Option - The buyer of a U.S. Treasury Bond futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A2807.02 Automatic Exercise - Notwithstanding the provisions of Regulation 2807.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A2808.01 Expiration of Option- Unexercised U.S. Treasury Bond futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

A2809.01 Months Traded In - Trading may be conducted in U.S. Treasury Bond futures options for a thirty-six month period extending from the nearby contract month, provided however, that the Exchange may determine not to list a contract month. Both serial and quarterly options may be listed to expire into either front-month or deferred futures as determined by the Board (06/01/99)

A2801.01 Trading Hours - The hours of trading of options in U.S. Treasury Bond futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding U.S. Treasury Bond futures contracts, subject to the provisions of the second paragraph of Rule 1007.00. U.S. Treasury Bond futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regular Compliance Committee shall direct. (04/01/00) A28011.01 Position Limits and Reportable Positions - (See Regulation 425.01) (10/01/00)

A2812.01 Margin Requirements - (See Regulation 431.05) (10/01/94)

A2813.01 Last Day of Trading - No trades in U.S. Treasury Bond futures options expiring in the current month shall be made after the close of the Regular Daytime open outcry trading session for the corresponding U.S. Treasury Bond futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If

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such Friday is not a business day, or there is a Friday which is not a business day which precedes by one [four] business day the last business day of the month preceding the option month, the last day of trading shall be the business day prior to such Friday. (07/01/01)

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Chapter 28B (Flexible Options)  
Treasury Bond Flexible Options  
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Chapter 28B (Flexible Options)  
Treasury Bond Flexible Options  
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Note: The following Flexible option regulations with the exception noted in the second paragraph of Regulation 2802.03 supersede the corresponding standard regulations presented in Part A of this chapter. Regulations 2801.00, 2801.01, 2802.01, 2802.02, 2805.01, 2806.01, 2810.01, 2811.01, 2812.01, and 2814.01 remain in effect for both standard and Flexible options.

Ch28B Trading Conditions

B2802.03 Nature of Flexible Options - Flexible options on U.S. Treasury Bond futures shall be permitted in puts and calls which do not have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options.

However, Flexible Options on U.S. Treasury Bond futures shall also be permitted in puts and calls which have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options that are not at the time listed for trading in the standard options pit or on e-cbot. All Flexible Option regulations except 2807.01, 2807.02, 2808.01, and 2813.01 will pertain for these options.\*

Trading shall be permitted in any CBOT recognized option/option or option/futures spread involving puts, calls or futures. (09/01/00)

B2803.01 Trading Unit - The minimum size for requesting a quote and/or trading in a flexible option series is 50 contracts, where each contract represents one of the underlying futures contracts at the Chicago Board of Trade. Parties may request a quote and/or trade for less than 50 contracts in order to entirely close out a position in a flexible series.

For a flexible options series, respondents to a request for quote, must be willing to trade at least 50 contracts, with the exception that a respondent may trade less than 50 contracts if the respondent is entirely closing out a position in the series. (07/01/99)

B2804.01 Strike Prices - Strike prices for flexible options must be specified in points and 32nd's of points per U.S. Treasury Bond futures contract. However, for a Request for Quote (RFQ), strike prices may be specified in one 32nd point increments relative to the underlying futures contract. Strike prices cannot be outside the range of the currently listed strike prices for standard options. (06/01/95)

B2807.01 Exercise of Flexible Options - Notification of the intent to exercise a flexible option must be received by the Clearing Corporation by 4:10 p.m. Chicago time, or by such other time designated by the Board of Directors. No exceptions to the 4:10 p.m. exercise deadline, or such other deadline designated by the Board of Directors, shall be permitted.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2802.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B2807.02 Automatic Exercise - After the close on the last day of trading, all in-the-money flexible options will be automatically exercised unless notice to cancel automatic exercise is given to the Clearing Corporation by 4:10 p.m., or by such other time designated by the Board of Directors, on that day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2802.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B2808.01 Expiration Date - Flexible option expiration may be specified for any Monday through Friday that is not an Exchange holiday except that expiration may not occur following the last Friday that precedes by at least two business days the last business day of the calendar month preceding the underlying future contract month. Flexible options expire at 4:30 p.m. on the last trading

day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2902.03 will follow expiration and exercise procedures as specified in the standard option regulations. (07/01/01)

B2809.01 Months Traded In - Trading may be conducted in flexible options in any month up through the most distant underlying futures contract in which a trade has occurred. (10/01/94)

B2813.01 Last Day of Trading - The last day of trading in a flexible option shall be the expiration day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2802.03 will follow expiration and exercise procedures as specified in the standard option regulations. (05/01/94)

B2815.01 Exercise Style - Flexible options may be American or European exercise style. (10/01/94)

B2816.01 Underlying Futures Contract for Flexible Options - The underlying futures contract for a flexible option shall be the same as the underlying futures contract month of the nearest March quarterly cycle standard futures option expiring on or after the expiration of the flexible option. (10/01/94)

B2817.01 Initiating a Flexible Option Contract Series - The opening of trading in any flexible option series shall occur through the submission of an RFQ or at such time that a trade takes place in the particular flexible option series.

If so desired, participants can submit additional RFQ's for any open series. However, in this situation no priority period (Regulation 2819.01) will exist. (02/01/01)

B2819.01 RFQ Trading Interval - If the submitter of the first RFQ of the day in a flexible series requests either a bid or an offer but not both, then they shall have up to a one minute priority period during which they shall have the sole right to either buy or sell as specified in their RFQ. The exact length of the priority period shall be determined by the Exchange.

If more than one RFQ is the first RFQ of the day in a flexible series, all the RFQ's individually ask for either a bid or an offer but not both, and all the RFQ's collectively are for the same side of the market (all bids or all offers) then the submitters shall jointly share priority during the period.

Priority for RFQ's is determined by submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally. (02/01/01)

B2820.01 Expiration of an RFQ - Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session. Trading in a given flexible option series following a transaction in that series shall remain open through the remainder of the trading session in which the transaction was executed and through each subsequent session in which there is open interest in the flexible option series. (02/01/01)

B2821.01 Reporting of Flexible Option Trades - It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the flexible pit reporter in a timely manner,

including any later trades in open flexible contract term series. (10/01/94)

\* The effect of the second paragraph of Regulation 2802.03 is to permit trading in standard options under certain Flexible trading procedures prior to the listing of such options in the standard options pit or e-cbot. Once and if these options are listed for trading in the standard options pit or on e-cbot, they will be traded only in the standard options pit or on e-cbot subject to standard options trading requirements. Upon such listing, all existing open positions established under Flexible trading procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

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Chapter 29  
Soybean Futures Options  
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Ch29 Trading Conditions

2901.00 Authority - (See Rule 2801.00). (10/01/94)

2901.01 Application of Regulations - Transactions in put and call options on Soybean futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Soybean futures contracts. (See Rule 490.00). (10/01/94)

2902.01 Nature of Soybean Futures Put Options - The buyer of one (1) Soybean futures put option may exercise his option at any time prior to expiration, (subject to Regulation 2907.01), to assume a short position in one (1) Soybean futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Soybean futures put option incurs the obligation of assuming a long position in one (1) Soybean futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

2902.02 Nature of Soybean Futures Call Options - The buyer of one (1) Soybean futures call option may exercise his option at any time prior to expiration, (subject to Regulation 2907.01), to assume a long position in one (1) Soybean futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Soybean futures call option incurs the obligation of assuming a short position in one (1) Soybean futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

2903.01 Trading Unit - One (1) 5,000 bushel Soybean futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

2904.01 Striking Prices - Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of ten (10) cents per bushel per Soybean futures contract (i.e., 6.10, 6.20, 6.30, etc) in integral multiples of twenty (20) cents per bushel per Soybean futures contract (i.e., 6.20, 6.40, 6.60, etc.) and in integral multiples of forty (40) cents per bushel per Soybean futures contract (i.e., 6.00, 6.40, 6.80, etc.) as follows:

1. a. In integral multiples of twenty cents, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Soybean futures contract, the next five consecutive higher and the next five consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
- b. In integral multiples of forty cents, at the commencement of trading for an option contract, the following strikes shall be listed: the next four consecutive strikes above the initial band.
- c. In integral multiples of twenty cents, over time, strikes shall be added as necessary to ensure that all strikes within \$1.10 of the previous day's trading range of the underlying futures contract are listed (the "minimum band").
- d. In integral multiples of forty cents, over time, strikes shall be added as necessary to ensure that the next four consecutive strikes above the minimum band are listed.
- e. No new strikes may be added by these procedures in the month in which an option expires.
2. a. In integral multiples of ten cents, at the commencement of trading for options that are traded in months in which Soybean futures are not traded, and for standard option months, the business day they become the second deferred month, the following strike prices shall be listed: one with a strike closest to the previous day's settlement price of the underlying Soybean futures contract and the next five consecutive higher and the next five consecutive

lower strikes. For example, ten-cent strike price intervals for the September 2000 contract month would be added on June 26, which is the business day after the expiration of the July contract month.

- b. Over time, new ten-cent strike prices will be added to ensure that at least five strike prices exist above and below the previous day's trading range in the underlying futures.
3.
    - a. In integral multiples of forty cents, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading. However, no new strikes may be added by this procedure to an option month unless open positions exist in that contract month.
    - b. In integral multiples of twenty cents, during the month in which an option expires, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading.
  4. All strikes will be listed prior to the opening of trading on the following business day. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. (09/01/00)

2905.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

2906.01 Option Premium Basis - The premium for Soybean futures options shall be in multiples of one-eighth (1/8) of one cent per bushel of a 5,000 bushel Soybean futures contract which shall equal \$6.25 per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$6.00 in \$1.00 increments per option contract. (10/01/94)

2907.01 Exercise of Option - The buyer of a Soybean futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

2907.02 Automatic Exercise - Notwithstanding the provisions of Regulation 2907.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

2908.01 Expiration of Option - Unexercised Soybean futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

2909.01 Months Traded - Trading may be conducted in the nearby Soybean futures options



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contract month plus any succeeding months, provided however, that the Exchange may determine not to list a contract month. For options that are traded in months in which Soybean futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract. (09/01/00)

2910.01 Trading Hours - The hours of trading of options on Soybean futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Soybean futures contract, subject to the provisions of the second paragraph of Rule 1007.00. On the last day of trading in an expiring option, the expiring Soybean futures options shall be closed with a public call made striking price by striking price, conducted by such persons as the Regulatory Compliance Committee shall direct. On all other days, Soybean futures options shall be opened and closed for all months and striking prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (03/01/00)

2911.01 Position Limits and Reportable Positions - (See Regulation 425.01)  
(10/01/00)

2912.01 Margin Requirements - (See Regulation 431.05) (10/01/94)

2913.01 Last Day of Trading - No trades in Soybean futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Soybean futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. (07/01/01)

2914.01 Option Premium Fluctuation Limits - Trading is prohibited during any day except for the last day of trading in a Soybean futures option at a premium of more than the trading limit for the Soybean futures contract above and below the previous day's settlement premium for that option as determined by the Clearing Corporation. On the first day of trading, limits shall be set from the lowest premium of the opening range. (10/01/94)

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Ch30 Trading Conditions

3001.00 Authority - (See Rule 2801.00). (10/01/94)

3001.01 Application of Regulations - Transactions in put and call options on Corn futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Corn futures contracts. (See Rule 490.00). (10/01/94)

3002.01 Nature of Corn Futures Put Options - The buyer of one (1) Corn futures put option may exercise his option at any time prior to expiration, (subject to Regulation 3007.01), to assume a short position in one (1) Corn futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Corn futures put option incurs the obligation of assuming a long position in one (1) Corn futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

3002.02 Nature of Corn Futures Call Options - The buyer of one (1) Corn futures call option may exercise his option at any time prior to expiration, (subject to Regulation 3007.01), to assume a long position in one (1) Corn futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Corn futures call option incurs the obligation of assuming a short position in one (1) Corn futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

3003.01 Trading Unit - One (1) 5,000 bushel Corn futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

3004.01 Striking Prices - Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of five (5) cents per bushel per Corn futures contract (i.e., 2.55, 2.60, 2.65, etc.), in integral multiples of ten (10) cents per bushel per Corn futures contract (i.e., 2.50, 2.60, 2.70, etc.) and in integral multiples of twenty (20) cents per bushel per Corn futures contract (i.e., 2.80, 3.00, 3.20, etc.) as follows:

1. a. In integral multiples of ten cents, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Corn futures contract, the next five consecutive higher and the next five consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
  - b. In integral multiples of twenty cents, at the commencement of trading for an option contract, the following strikes shall be listed: the next four consecutive strikes above the initial band.
  - c. In integral multiples of ten cents, over time, strikes shall be added as necessary to ensure that all strikes within 55 cents of the previous day's trading range of the underlying futures contract are listed (the "minimum band").
  - d. In integral multiples of twenty cents, over time, strikes shall be added as necessary to ensure that the next four consecutive strikes above the minimum band are listed.
  - e. No new strikes may be added by these procedures in the month in which an option expires.
2. a. In integral multiples of five cents, at the commencement of trading for options that are traded in months in which Corn futures are not traded, and for standard option months, the business day they become the second deferred month, the following strike prices shall be listed: one with a strike closest to the previous day's settlement price of the underlying Corn futures contract and the next five consecutive higher and the next five consecutive lower strikes. For example, five-cent strike price intervals for the September 2000 contract month would be added on June 26, which is the business day after the expiration of the July

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contract month.

- b. Over time, new-five cent strike prices will be added to ensure that at least five strike prices exist above and below the previous day's trading range in the underlying futures.
3. a. In integral multiples of twenty cents, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading. However, no new strikes may be added by this procedure to an option month unless open positions exist in that contract month.  
  
b. In integral multiples of ten cents, during the month in which an option expires, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading.
4. All strikes will be listed prior to the opening of trading on the following business day. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions.  
(09/01/00)

3005.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

3006.01 Option Premium Basis - The premium for Corn futures options shall be in multiples of one-eighth (1/8) of one cent per bushel of a 5,000 bushel Corn futures contract which shall equal \$6.25 per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$6.00 in \$1.00 increments per option contract.  
(10/01/94)

3007.01 Exercise of Option - The buyer of a Corn futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3007.02 Automatic Exercise - Notwithstanding the provisions of Regulation 3007.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3008.01 Expiration of Option - Unexercised Corn futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

3009.01 Months Traded - Trading may be conducted in the nearby Corn futures options contract

month plus any succeeding months, provided however, that the Exchange may determine not to list a contract month. For options that are traded in months in which Corn futures are not trading underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract. (09/01/00)

3010.01 Trading Hours - The hours of trading of options on Corn futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as close of trading of the Regular Daytime open outcry trading session for the corresponding Corn futures contract, subject to the provisions of the second paragraph of Rule 1007.00. On the last day of trading in an expiring option, the expiring Corn futures options shall be closed with a public call made striking price by striking price, conducted by such persons as the Regulatory Compliance Committee shall direct. On all other days, Corn futures options shall be opened and closed for all months and striking prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (03/01/00)

3011.01 Position Limits - (See Regulation 425.01) (10/01/00)

3012.01 Margin Requirements - (See Regulation 431.05) (10/01/94)

3013.01 Last Day of Trading - No trades in Corn futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Corn futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. (07/01/01)

3014.01 Option Premium Fluctuation Limits - Trading is prohibited during any day except for the last day of trading in a Corn futures option at a premium of more than the trading limit for the Corn futures contract above and below the previous day's settlement premium for that option as determined by the Clearing Corporation. On the first day of trading, limits shall be set from the lowest premium of the opening range. (10/01/94)

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Ch31 Trading Conditions

3101.00 Authority - (See Rule 2801.00). (10/01/94)

3101.01 Application of Regulations - Transactions in put and call options on Wheat futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Wheat futures contracts. (See Rule 490.00). (10/01/94)

3102.01 Nature of Wheat Futures Put Options - The buyer of one (1) Wheat futures put option may exercise his option at any time prior to expiration, (subject to Regulation 3107.01), to assume a short position in one (1) Wheat futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Wheat futures put option incurs the obligation of assuming a long position in one (1) Wheat futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

3102.02 Nature of Wheat Futures Call Options - The buyer of one (1) Wheat futures call option may exercise his option at any time prior to expiration, (subject to Regulation 3107.01), to assume a long position in one (1) Wheat futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Wheat futures call option incurs the obligation of assuming a short position in one (1) Wheat futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

3103.01 Trading Unit - One (1) 5,000 bushel Wheat futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

3104.01 Striking Prices - Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of five (5) cents per bushel per Wheat futures contract (i.e. 3.70, 3.75, 3.80, etc.), in integral multiples of ten (10) cents per bushel per Wheat futures contract (i.e., 3.70, 3.80, 3.90, etc.) and in integral multiples of twenty (20) cents per bushel per Wheat futures contract (i.e., 4.00, 4.20, 4.40, etc.) as follows:

1. a. In integral multiples of ten cents, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Wheat futures contract, the next five consecutive higher and the next five consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
  - b. In integral multiples of twenty cents, at the commencement of trading for an option contract, the following strikes shall be listed: the next four consecutive strikes above the initial band.
  - c. In integral multiples of ten cents, over time, strikes shall be added as necessary to ensure that all strikes within 55 cents of the previous day's trading range of the underlying futures contract are listed (the "minimum band").
  - d. In integral multiples of twenty cents, over time, strikes shall be added as necessary to ensure that the next four consecutive strikes above the minimum band are listed.
  - e. No new strikes may be added by these procedures in the month in which an option expires.
2. a. In integral multiples of five cents, at the commencement of trading for options that are traded in months in which Wheat futures are not traded, and for standard option months, the business day they become the second deferred month, the following strike prices shall be listed: one with a strike closest to the previous day's settlement price of the underlying Wheat futures contract and the next five consecutive higher and the next five consecutive lower strikes. For example, five-cent strike price intervals for the September 2000 contract month would be added on June 26, which is the business day after the expiration of the July

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contract month.

- b. Over time, new five-cent strike prices will be added to ensure that at least five strike prices exist above and below the previous day's trading range in the underlying futures.
- 3. a. In integral multiples of twenty cents, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading. However, no new strikes may be added by this procedure to an option month unless open positions exist in that contract month.
- b. In integral multiples of ten cents, during the month in which an option expires, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading.
- 4. All strikes will be listed prior to the opening of trading on the following business day. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. (09/01/00)

3105.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

3106.01 Option Premium Basis - The premium for Wheat futures options shall be in multiples of one-eighth (1/8) of one cent per bushel of a 5,000 bushel Wheat futures contract which shall equal \$6.25 per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$6.00 in \$1.00 increments per option contract. (10/01/94)

3107.01 Exercise of Option - The buyer of a Wheat futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3107.02 Automatic Exercise - Notwithstanding the provisions of Regulation 3107.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3108.01 Expiration of Option - Unexercised Wheat futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

3109.01 Months Traded - Trading may be conducted in the nearby Wheat futures options



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contract month plus any succeeding months, provided however, that the Exchange may determine not to list a contract month. For options that are traded in months in which Wheat futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract. (09/01/00)

3110.01 Trading Hours - The hours of trading of options on Wheat futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Wheat futures contract, subject to the provisions of the second paragraph of Rule 1007.00. On the last day of trading in an expiring option, the expiring Wheat futures options shall be closed with a public call made striking price by striking price, conducted by such persons as the Regulatory Compliance Committee shall direct. On all other days, Wheat futures options shall be opened and closed for all months and striking prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (03/01/00)

3111.01 Position Limits - (See Regulation 425.01) (10/01/00)

3112.01 Margin Requirements - (See Regulation 431.05) (10/01/94)

3113.01 Last Day of Trading - No trades in Wheat futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Wheat futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. (07/01/01)

3114.01 Option Premium Fluctuation Limits - Trading is prohibited during any day except for the last day of trading in a Wheat futures option at a premium of more than the trading limit for the Wheat futures contract above and below the previous day's settlement premium for that option as determined by the Clearing Corporation. On the first day of trading, limits shall be set from the lowest premium of the opening range. (10/01/94)

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Soybean Oil Futures Options  
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Ch32 Trading Conditions

3201.00 Authority - (See Rule 2801.00). (10/01/94)

3201.01 Application of Regulations - Transactions in put and call options on Soybean Oil futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Soybean Oil futures contracts. (See Rule 490.00). (10/01/94)

3202.01 Nature of Soybean Oil Futures Put Options - The buyer of one (1) Soybean Oil futures put option may exercise his option at any time prior to expiration, (subject to Regulation 3207.01), to assume a short position in one (1) Soybean Oil futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Soybean Oil futures put option incurs the obligation of assuming a long position in one (1) Soybean Oil futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

3202.02 Nature of Soybean Oil Futures Call Options - The buyer of one (1) Soybean Oil futures call option may exercise his option at any time prior to expiration, (subject to Regulation 3207.01), to assume a long position in one (1) Soybean Oil futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Soybean Oil futures call option incurs the obligation of assuming a short position in one (1) Soybean Oil futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

3203.01 Trading Unit - One (1) 60,000 pound Soybean Oil futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

3204.01 Striking Prices - Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of one-half cent per pound per Soybean Oil futures contract (i.e., .210, .215, .220, etc.) for all strikes less than thirty cents and in integral multiples of one cent per pound per Soybean Oil futures contract (i.e., .300, .310, .320, etc.) for all strikes greater than or equal to thirty cents (the "first tier"); and in integral multiples of one cent per pound per Soybean Oil futures contract (i.e., .210, .220, .230, etc.) for all strikes less than thirty cents and in integral multiples of two cents per pound per Soybean Oil futures contract (i.e., .320, .340, .360, etc.) for all strikes greater than or equal to thirty cents (the "second tier") as follows:

1. a. Per the first tier, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Soybean Oil futures contract and a consecutive series within 5.5 cents above and below that strike (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
- b. Per the second tier, at the commencement of trading for an option contract, the following strikes shall be listed: the next four consecutive strikes above the initial band.
- c. Per the first tier, over time, strikes shall be added as necessary to insure that all strikes within 5.5 cents of the previous day's trading range of the underlying futures contract are listed (the "minimum band").
- d. Per the second tier, over time, strikes shall be added as necessary to insure that the next four consecutive strikes above the minimum band are listed.
- e. No new strikes may be added by these procedures in the month in which an option expires.
2. a. Per the second tier, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive

business days will be listed for trading. However, no new strikes may be added by this procedure to an option month unless open positions exist in that contract month.

- b. Per the first tier, during the month in which an option expires, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading.

- 3. All strikes will be listed prior to the opening of trading on the following business day. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. (07/01/95)

3205.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

3206.01 Option Premium Basis - The premium for Soybean Oil futures options shall be in multiples of five thousandths (5/1000) of one cent per pound of a 60,000 pound Soybean Oil futures contract which shall equal \$3.00 per contract.

However, when both sides of the trade are closing transactions, the option premium may be equal to \$1.00 or \$2.00 per option contract. (10/01/94)

3207.01 Exercise of Option - The buyer of a Soybean Oil futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3207.02 Automatic Exercise - Notwithstanding the provisions of Regulation 3207.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3208.01 Expiration of Option - Unexercised Soybean Oil futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

3209.01 Months Traded - Trading may be conducted in the nearby Soybean Oil futures options contract month plus any succeeding months, provided however, that the Exchange may determine not to list a contract month. For options that are traded in months in which Soybean Oil futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract. (09/01/00)

3210.01 Trading Hours - The hours of trading of options on Soybean Oil futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Soybean Oil futures contract, subject to the provisions of the second paragraph

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of Rule 1007.00. On the last day of trading in an expiring option, the expiring Soybean Oil futures options shall be closed with a public call made striking price by striking price, conducted by such persons as the Regulatory Compliance Committee shall direct. On all other days, Soybean Oil futures options shall be opened and closed for all months and striking prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (03/01/00)

3211.01 Position Limits and Reportable Positions - (See Regulation 425.01)  
(10/01/00)

3212.01 Margin Requirements - (See Regulation 431.05) (10/01/94)

3213.01 Last Day of Trading - No trades in Soybean Oil futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Soybean Oil futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. (07/01/01)

3214.01 Option Premium Fluctuation Limits - Trading is prohibited during any day except for the last day of trading in a Soybean Oil futures option at a premium of more than the trading limit for the Soybean Oil futures contract above and below the previous day's settlement premium for that option as determined by the Clearing Corporation. On the first day of trading, limits shall be set from the lowest premium of the opening range. (10/01/94)

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3301.00 Authority - (See Rule 2801.00). (10/01/94)

3301.01 Application of Regulations - Transactions in put and call options on Soybean Meal futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Soybean Meal futures contracts. (See Rule 490.00). (10/01/94)

3302.01 Nature of Soybean Meal Futures Put Options - The buyer of one (1) Soybean Meal futures put option may exercise his option at any time prior to expiration, (subject to Regulation 3307.01), to assume a short position in one (1) Soybean Meal futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Soybean Meal futures put option incurs the obligation of assuming a long position in one (1) Soybean Meal futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

3302.02 Nature of Soybean Meal Futures Call Options - The buyer of one (1) Soybean Meal futures call option may exercise his option at any time prior to expiration, (subject to Regulation 3307.01), to assume a long position in one (1) Soybean Meal futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Soybean Meal futures call option incurs the obligation of assuming a short position in one (1) Soybean Meal futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

3303.01 Trading Unit - One (1)100 ton Soybean Meal futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

3304.01 Striking Prices - Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of five (5) dollars per ton per Soybean Meal futures contract (i.e., 185, 190, 195, etc.) for all strikes less than two hundred dollars and in integral multiples of ten (10) dollars per ton per Soybean Meal futures contract (i.e., 200, 210, 220, etc.) for all strikes greater than or equal to two hundred dollars (the "first tier"); and in integral multiples of ten (10) dollars per ton per Soybean Meal futures contract (i.e., 200, 210, 220, etc.) for all strikes less than two hundred dollars and in integral multiples of twenty (20) dollars per ton per Soybean Meal futures contract (i.e., 200, 220, 240, etc.) for all strikes greater than or equal to two hundred dollars (the "second tier") as follows:

1. a. Per the first tier, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Soybean Meal futures contract, the next ten consecutive higher strikes and the next ten consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
- b. Per the second tier, at the commencement of trading for an option contract, the following strikes shall be listed: the next four consecutive strikes above the initial band.

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- c. Per the first tier, over time, strikes shall be added as necessary to insure that at least ten strikes above and below the previous day's trading range of the underlying futures are listed (the "minimum band").
  - d. Per the second tier, over time, strikes shall be added as necessary to insure that the next four consecutive strikes above the minimum band are listed.
  - e. No new strikes may be added by these procedures in the month in which an option expires.
2. a. Per the second tier, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading. However, no new strikes may be added by this procedure to an option month unless open positions exist in that contract month.
- b. Per the first tier, during the month in which an option expires, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading.
3. All strikes will be listed prior to the opening of trading on the following business day. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions.  
(03/01/99)

3305.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

3306.01 Option Premium Basis - The premium for Soybean Meal futures options shall be in multiples of five (5) cents per ton of a 100 ton Soybean Meal futures contract which shall equal \$5.00 per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$4.00 in \$1.00 increments per option contract.  
(10/01/94)

3307.01 Exercise of Option - The buyer of a Soybean Meal futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or at such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading.  
(12/01/99)

3307.02 Automatic Exercise - Notwithstanding the provisions of Regulation 3307.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or at such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;



ii) to take appropriate action as the result of unreconciled Exchange option transactions;

iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3308.01 Expiration of Option - Unexercised Soybean Meal futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

3309.01 Months Traded - Trading may be conducted in the nearby Soybean Meal futures options contract month plus any succeeding months, provided however, that the Exchange may determine not to list a contract month. For options that are traded in months in which Soybean Meal futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract. (09/01/00)

3310.01 Trading Hours - The hours of trading of options on Soybean Meal futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Soybean Meal futures contract, subject to the provisions of the second paragraph of Rule 1007.00. On the last day of trading in an expiring option, the expiring Soybean Meal futures options shall be closed with a public call made striking price by striking price, conducted by such persons as the Regulatory Compliance Committee shall direct. On all other days, Soybean Meal futures options shall be opened and closed for all months and striking prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (03/01/00)

3311.01 Position Limits and Reportable Positions - (See Regulation 425.01) (10/01/00)

3312.01 Margin Requirements - (See Regulation 431.03) (10/01/94)

3313.01 Last Day of Trading - No trades in Soybean Meal futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Soybean Meal futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. (07/01/01)

3314.01 Option Premium Fluctuation Limits - Trading is prohibited during any day except for the last day of trading in a Soybean Meal futures option at a premium of more than the trading limit for the Soybean Meal futures contract above and below the previous day's settlement premium for that option as determined by the Clearing Corporation. On the first day of trading, limits shall be set from the lowest premium of the opening range. (10/01/94)

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A3501.00 Authority - (See Rule 2801.00.) (10/01/94)

A3501.01 Application of Regulations - Transactions in put and call options on Medium Term U.S. Treasury Note futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this Chapter which are exclusively applicable to trading in put and call options on Medium Term U.S. Treasury Note futures contracts. (See Rule 490.00.) (09/01/00)

A3502.01 Nature of Medium Term U.S. Treasury Note Futures Put Options - The buyer of one (1) Medium Term U.S. Treasury Note futures put option may exercise his option at any time prior to expiration (subject to Regulation 3507.01), to assume a short position in one (1) Medium Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Medium Term U.S. Treasury Note futures put option incurs the obligation of assuming a long position in one (1) Medium Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

A3502.02 Nature of Medium Term U.S. Treasury Note Futures Call Options - The buyer of one (1) Medium Term U.S. Treasury Note futures call option may exercise his option at any time prior to expiration (subject to Regulation 3507.01), to assume a long position in one (1) Medium Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Medium Term U.S. Treasury Note futures call option incurs the obligation of assuming a short position in one (1) Medium Term U.S. Treasury Note futures call option incurs the obligation of assuming a short position in one (1) Medium Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

A3503.01 Trading Unit - One (1) Medium Term U.S. Treasury Note futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

A3504.01 Striking Prices - Trading shall be conducted for put and call options with striking prices in integral multiples of one-half (1/2) point per Medium Term U.S. Treasury Note futures contract. At the commencement of trading for such option contracts, the following strike prices shall be listed: one with a striking price closest to the previous day's settlement price on the underlying Medium Term U.S. Treasury Note futures contract, the next twelve consecutive higher and the next twelve consecutive lower striking prices closest to the previous day's settlement price; and all strike prices listed for all other option contract months listed at that time. If the previous day's settlement price is midway between two striking prices, the closest price shall be the larger of the two. When a sale in the underlying Medium Term U.S. Treasury Note futures contract occurs at a price greater than or equal to the twelfth largest striking price, a new striking price one increment higher than the existing striking prices will be added. When a sale in the underlying Medium Term U.S. Treasury Note futures contract occurs at a price less than or equal to the twelfth smallest striking price, a new striking price one increment lower than the existing striking prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all options contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions. (10/01/94)

A3505.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

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A3506.01 Option Premium Basis - The premium for Medium Term U.S. Treasury Note futures options shall be in multiples of one sixty-fourth (1/64) of one point (\$1,000) of a Medium Term U. S. Treasury Note futures contract which shall equal \$15.63 per 1/64 and \$1,000 per full point.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract

If options are quoted in volatility terms, the minimum price fluctuation shall be .10 percent (i.e.-10.0%, 10.1%, 10.2%, etc.) (10/01/94)

A3507.01 Exercise of Option - The buyer of a Medium Term U.S. Treasury Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A3507.02 Automatic Exercise - Notwithstanding the provisions of Regulation 3507.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A3508.01 Expiration of Option - Unexercised Medium Term U.S. Treasury Note futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

A3509.01 Months Traded In - Trading may be conducted in Medium Term U.S. Treasury Note futures options for a thirty-six month period extending from the nearby contract month, provided however, that the Exchange may determine not to list a contract month. Both serial and quarterly options may be listed to expire into either front-month or deferred futures as determined by the Board. (06/01/99)

A3510.01 Trading Hours - The hours of trading of options on Medium Term U.S. Treasury Note futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Medium Term U.S. Treasury Note futures contract, subject to the provisions of the second paragraph of Rule 1007.00. Medium Term U.S. Treasury Note futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (04/01/00)

A3511.01 Position Limits and Reportable Positions - (See Regulation 425.01.) (10/01/00)

A3512.01 Margin Requirements - (See Regulation 431.05.) (10/01/94)

A3513.01 Last Day of Trading - No trades in Medium Term U.S. Treasury Note futures put and call options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding U.S. Treasury Bond futures contract on the last Friday which precedes by at least two business days, the last business day of the month

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preceding the option month. If such Friday is not a business day, or there is a Friday which is not a business day which precedes by one business day the last business day of the month preceding the option month, the last day of trading will be the business day prior to such Friday. (07/01/01)

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Chapter 35B (Flexible Options)  
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Note: The following Flexible option regulations with the exception noted in the second paragraph of Regulation 3502.03 supersede the corresponding standard regulations presented in Part A of this chapter. Regulations 3501.00, 3501.01, 3502.01, 3502.02, 3501.01, 3506.01, 3510.01, 3511.01, 3512.01, and 3514.01 remain in effect for both standard and Flexible options.

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B3502.03 Nature of Flexible Options - Flexible options on Medium Term Treasury Note futures shall be permitted in puts and calls which do not have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options.

However, Flexible Options on Medium Term Treasury Note futures shall also be permitted in puts and calls which have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options that are not at the time listed for trading in the standard options pit or on e-cbot. All Flexible Option regulations except 3507.01, 3507.02, 3508.01 and 3513.01 will pertain for these options.\*

Trading shall be permitted in any CBOT recognized option/option or option/futures spread involving puts, calls or futures. (09/01/00)

B3503.01 Trading Unit - The minimum size for requesting a quote and/or trading in a flexible option series is 50 contracts, where each contract represents one of the underlying futures contracts at the Chicago Board of Trade. Parties may request a quote and/or trade for less than 50 contracts in order to entirely close out a position in a flexible series.

For a flexible options series, respondents to a request for quote, must be willing to trade at least 50 contracts, with the exception that a respondent may trade less than 50 contracts if the respondent is entirely closing out a position in the series. (07/01/99)

B3504.01 Strike Prices - Strike prices for flexible options must be specified in points and 64th's of points per Medium Term Treasury Note futures contract. However, for a Request for Quote (RFQ), strike prices may be specified in one 64th point increments relative to the underlying futures contract. Strike prices cannot be outside the range of the currently listed strike prices for standard options. (06/01/95)

B3507.01 Exercise of Flexible Options - Notification of the intent to exercise a flexible option must be received by the Clearing Corporation by 4:10 p.m. Chicago time, or by such other time designated by the Board of Directors. No exceptions to the 4:10 p.m. exercise deadline, or such other deadline designated by the Board of Directors, shall be permitted.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3502.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B3507.02 Automatic Exercise - After the close on the last day of trading, all in-the-money flexible options will be automatically exercised unless notice to cancel automatic exercise is given to the Clearing Corporation by 4:10 p.m., or by such other time designated by the Board of Directors, on that day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3502.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B3508.01 Expiration Date - Flexible option expiration may be specified for any Monday through Friday that is not an Exchange holiday except that expiration may not occur following the last Friday that precedes by at least two business days the last business day of the calendar month

preceding the underlying future contract month. Flexible options expire at 4:30 p.m. on the last trading day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3502.03 will follow expiration and exercise procedures as specified in the standard option regulations. (07/01/01)

B3509.01 Months Traded In - Trading may be conducted in flexible options in any month through the most distant underlying futures contract in which a trade has occurred. (10/01/94)

B3513.01 Last Day of Trading - The last day of trading in a flexible option shall be the expiration day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3502.03 will follow expiration and exercise procedures as specified in the standard option regulations. (05/01/94)

B3515.01 Exercise Style - Flexible options may be American or European exercise style. (10/01/94)

B3516.01 Underlying Futures Contract for Flexible Options - The underlying futures contract for a flexible option shall be the same as the underlying futures contract month of the nearest March quarterly cycle standard futures option expiring on or after the expiration of the flexible option. (10/01/94)

B3517.01 Initiating a Flexible Option Contract Series - The opening of trading in any flexible option series shall occur through the submission of an RFQ or at such time that a trade takes place in the particular flexible option series.

If so desired, participants can submit additional RFQ's for any open series. However, in this situation no priority period (Regulation 3519.01) will exist. (02/01/01)

B3519.01 RFQ Trading Interval - If the submitter of the first RFQ of the day in a flexible series requests either a bid or an offer but not both, then they shall have up to a one minute priority period during which they shall have the sole right to either buy or sell as specified in their RFQ. The exact length of the priority period shall be determined by the Exchange.

If more than one RFQ is the first RFQ of the day in a flexible series, all the RFQ's individually ask for either a bid or an offer but not both, and all the RFQ's collectively are for the same side of the market (all bids or all offers) then the submitters shall jointly share priority during the priority period.

Priority for RFQ's is determined by submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally. (02/01/01)

B3520.01 Expiration of an RFQ - Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session. Trading in a given flexible option series following a transaction in that series shall remain open through the remainder of the trading session in which the transaction was executed and through each subsequent session in which there is open interest in the flexible option series. (02/01/01)

B3521.01 Reporting of Flexible Option Trades - It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the flexible pit reporter in a timely manner, including any later trades in open flexible contract term series. (10/01/94)

\* The effect of the second paragraph of Regulation 3502.03 is to permit trading in standard option under certain Flexible trading procedures prior to the listing of such options in the standard options pit or on e-cbot. Once and if these options are listed for trading in the standard options pit or on e-cbot, they will be traded only in the standard options pit or on e-cbot, they will be traded only in the standard options pit or on e-cbot subject to standard options trading requirements. Upon such listing, all existing open positions established under Flexible trading procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.



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A3601.00 Authority - (See Rule 2801.00.) (10/01/94)

A3601.01 Application of Regulations - Transactions in put and call options on Short Term U.S. Treasury Note futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Short Term U.S. Treasury Note futures contracts. (See Rule 490.00.) (09/01/00)

A3602.01 Nature of Short Term U.S. Treasury Note Futures Put Options - The buyer of one (1) Short Term U.S. Treasury Note futures put option may exercise his option at any time prior to expiration (subject to Regulation 3607.01), to assume a short position in one (1) Short Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Short Term U.S. Treasury Note futures put option incurs the obligation of assuming a long position in one (1) Short Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

A3602.02 Nature of Short Term U.S. Treasury Note Futures Call Options - The buyer of one (1) Short Term U.S. Treasury Note futures call option may exercise his option at any time prior to expiration (subject to Regulation 3607.01), to assume a long position in one (1) Short Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Short Term U.S. Treasury Note futures call option incurs the obligation of assuming a short position in one (1) Short Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

A3603.01 Trading Unit - One (1) \$200,000 face value Short Term U.S. Treasury Note futures contract at a specified contract month on the Chicago Board of Trade. (10/01/94)

A3604.01 Striking Prices - Trading shall be conducted for put and call options with striking prices in integral multiples of one-quarter (1/4) point per Short Term U.S. Treasury Note futures contract. At the commencement of trading for such option contracts, the following strike prices shall be listed: one with a striking price closest to the previous day's settlement price on the underlying Short Term U.S. Treasury Note futures contract, the next six consecutive higher and the next six consecutive lower striking prices closest to the previous day's settlement price; and all strike prices listed for all other option contract months listed at that time. If the previous day's settlement price is midway between two striking prices, the closest price shall be the larger of the two. When a sale in the underlying Short Term U.S. Treasury Note futures contract occurs at a price greater than or equal to the sixth largest striking price, a new striking price one increment higher than the existing striking prices will be added. When a sale in the underlying Short Term U.S. Treasury Note futures contract occurs at a price less than or equal to the sixth smallest striking price, a new striking price one increment lower than the existing striking prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all option contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions. (10/01/94)

A3605.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

A3606.01 Option Premium Basis - The premium for Short Term U.S. Treasury Note futures options shall be in multiples of one half of one sixty-fourth (1/64) of one point (\$15.63) of a Short Term U.S. Treasury Note futures contract which shall equal \$2,000 per full point.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract.

If options are quoted in volatility terms, the minimum price fluctuation shall be .10 percent (i.e.-10.0%, 10.1%, 10.2%, etc.) (10/01/94)

A3607.01 Exercise of Option - The buyer of a Short Term U.S. Treasury Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A3607.02 Automatic Exercise - Notwithstanding the provisions of Regulation 3607.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A3608.01 Expiration of Option - Unexercised Short Term U.S. Treasury Note futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

A3609.01 Months Traded In - Trading may be conducted in Short Term U.S. Treasury Note futures options for a forty-two month period extending from the nearby contract month, provided however, that the Exchange may determine not to list a contract month. Both serial and quarterly options may be listed to expire into either front-month or deferred futures as determined by the Board. (06/01/99)

A3610.01 Trading Hours - The hours of trading of options on Short Term U.S. Treasury Note futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Short Term U.S. Treasury Note futures contract, subject to the provisions of the second paragraph of Rule 1007.00. Short Term U.S. Treasury Note futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (04/01/00)

A3611.01 Position Limits and Reportable Positions - (See Regulation 425.01.) (10/01/00)

A3612.01 Margin Requirements - (See Regulation 431.05) (10/01/94)

A3613.01 Last Day of Trading - No trades in Short Term U.S. Treasury Note futures put and call options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Short Term U.S. Treasury Note futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, or there is a Friday which is not a

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business day which precedes by one business day[s] the last business day of the month preceding the option month, the last day of trading shall be the first business day prior to such Friday. (07/01/01)

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Chapter 36B (Flexible Options)  
Short Term Treasury Note Flexible Options  
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Note: The following Flexible option regulations with the exception noted in the second paragraph of Regulation 3602.03 supersede the corresponding standard regulations presented in Part A of this chapter. Regulations 3601.00, 3601.01, 3602.01, 3602.02, 3605.01, 3606.01, 3610.01, 3611.01, 3612.01, and 3614.01 remain in effect for both standard and Flexible options.

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B3602.03 Nature of Flexible Options - Flexible options on Short Term Treasury Note futures shall be permitted in puts and calls which do not have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options.

However, Flexible Options on Short Term Treasury Note futures shall also be permitted in puts and calls which have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options that are not at the time listed for trading in the standard options pit or on e-cbot. All Flexible Option regulations except 3607.01, 3607.02, 3608.01 and 3613.01 will pertain for these options.\*

Trading shall be permitted in any CBOT recognized option/option or option/futures spread involving puts, calls or futures. (09/01/00)

B3603.01 Trading Unit - The minimum size for requesting a quote and/or trading in a flexible option series is 50 contracts, where each contract represents one of the underlying futures contracts at the Chicago Board of Trade. Parties may request a quote and/or trade for less than 50 contracts in order to entirely close out a position in a flexible series.

For a flexible options series, respondents to a request for quote, must be willing to trade at least 50 contracts, with the exception that a respondent may trade less than 50 contracts if the respondent is entirely closing out a position in the series. (07/01/99)

B3604.01 Strike Prices - Strike prices for flexible options must be specified in points and 64th's of points per Short Term Treasury Note futures contract. However, for a Request for Quote (RFQ), strike prices may be specified in one 64th point increments relative to the underlying futures contract. Strike prices cannot be outside the range of the currently listed strike prices for standard options. (06/01/95)

B3607.01 Exercise of Flexible Options - Notification of the intent to exercise a flexible option must be received by the Clearing Corporation by 4:10 p.m. Chicago time, or by such other time designated by the Board of Directors. No exceptions to the 4:10 p.m. exercise deadline, or such other deadline designated by the Board of Directors, shall be permitted.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3602.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B3607.02 Automatic Exercise - After the close on the last day of trading, all in-the-money flexible options will be automatically exercised unless notice to cancel automatic exercise is given to the Clearing Corporation by 4:10 p.m., or by such other time designated by the Board of Directors, on that day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3602.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B3608.01 Expiration Date - Flexible option expiration may be specified for any Monday through Friday that is not an Exchange holiday except that expiration may not occur following the last Friday that precedes by at least two business days the last business day of the calendar month preceding the underlying future contract month. Flexible options expire at 4:30 p.m. on the last trading

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day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3602.03 will follow expiration and exercise procedures as specified in the standard option regulations. (07/01/01)

B3609.01 Months Traded In - Trading may be conducted in flexible options in any month up through the most distant underlying futures contract in which a trade has occurred. (10/01/94)

B3613.01 Last Day of Trading - The last day of trading in a flexible option shall be the expiration day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3602.03 will follow expiration and exercise procedures as specified in the standard option regulations. (05/01/94)

B3615.01 Exercise Style - Flexible options may be American or European exercise style. (10/01/94)

B3616.01 Underlying Futures Contract for Flexible Options - The underlying futures contract for a flexible option shall be the same as the underlying futures contract month of the nearest March quarterly cycle standard futures option expiring on or after the expiration of the flexible option. (10/01/94)

B3617.01 Initiating a Flexible Option Contract Series - The opening of trading in any flexible option series shall occur through the submission of an RFQ or at such time that a trade takes place in the particular flexible option series.

If so desired, participants can submit additional RFQ's for any open series. However, in this situation no priority period (Regulation 3619.01) will exist. (02/01/01)

B3619.01 RFQ Trading Interval - If the submitter of the first RFQ of the day in a flexible series requests either a bid or an offer but not both, then they shall have up to a one minute priority period during which they shall have the sole right to either buy or sell as specified in their RFQ. The exact length of the priority period shall be determined by the Exchange.

If more than one RFQ is the first RFQ of the day in a flexible series, all the RFQ's individually ask for either a bid or an offer but not both, and all the RFQ's collectively are for the same side of the market (all bids or all offers) then the submitters shall jointly share priority during the priority period.

Priority for RFQ's is determined by submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally. (02/01/01)

B3620.01 Expiration of an RFQ - Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session. Trading in a given flexible option series following a transaction in that series shall remain open through the remainder of the trading session in which the transaction was executed and through each subsequent session in which there is open interest in the flexible option series. (002/01/01)

B3621.01 Reporting of Flexible Option Trades - It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the flexible pit reporter in a timely manner, including any later trades in open flexible contract term series. (10/01/94)

\* The effect of the second paragraph of Regulation 3602.03 is to permit trading in standard options under certain Flexible trading procedures prior to the listing of such options in the standard options pit or on e-cbot. Once and if these options are listed for trading in the standard options pit or on e-cbot, they will be traded only in the standard options pit or on e-cbot subject to standard options trading requirements. Upon such listing, all existing open positions established under Flexible trading procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

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Chapter 37  
CBOT Rough Rice Futures  
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Ch37 Trading Conditions

3700.01 Introduction - This chapter is limited in application to futures trading in rough rice. The procedures for trading, clearing, inspection, delivery, settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange. (11/01/94)

\* 3701.01 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. [A combined maximum of ten stained kernels and lightly stained kernels in a 500-gram sample are permitted. A maximum of five stained kernels are permitted. Stained kernels are defined by USDA FGIS Interpretive Line Slide 2.1 and lightly stained kernels are defined by USDA FGIS Interpretive Line Slide 2.2.] 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 1.5% premium or discount, respectively, toward the settlement price for long grain rough rice and each percent of broken rice over or below 15% shall receive a .75% premium or discount, respectively. All rough rice shall be of a Southern origin or such other origin as the Exchange may approve. (12/01/02)

Additions underlined; deletions bracketed for contract months September 2003 forward.

3701.02 Trading Months and Hours - Futures contracts shall be traded initially for delivery during the months of September, November, January, March, May and July of each year. The number of months to be open at one time shall be at the discretion of the Exchange. Trading shall be conducted from 9:15 a.m. to 1:30 p.m. Chicago Time, except in the expiring contract on the last day of trading when trading shall cease at 12:00 Noon. (11/01/98)

3701.03 Trading Unit - The unit of trading shall be 2,000 hundredweight (200,000 pounds). (11/01/94)

3701.04 Price Increments - All bids and offers shall be in multiples of \$.005 per hundredweight. (11/01/94)

3701.05 Daily Price Limits - (See 1008.01) (11/01/94)

3701.06 Termination of Trading - No trades shall be made during the last seven business days of the trading month. Any trades remaining open during this period shall be settled by delivery or a bona fide exchange of futures for the cash commodity or over-the-counter transaction. (01/01/03)

3701.07 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 regulations, such order, ruling, directive or law shall be construed to become part of these regulations, and all new contracts shall be subject to such governmental orders. (11/01/94)

3701.08 Position Limits and Trading Limits - (See Regulation 425.01) (11/01/94)

3702.01 Delivery by Warehouse Receipts - Deliveries of rough rice shall be made only by delivery of rough rice warehouse receipts 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 warehouse receipts 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. In order to effect a valid delivery, each receipt shall (a) be endorsed by holder making delivery; (b) be marked "INSURED"; (c) indicate payment for storage charges up to and including the 18th day of the preceding month; (d) be negotiable; (e) be registered with the registrar of the Exchange; (f) specify the warehouse; and (g) specify the grade, milling yield and quantity of the rough rice stored. Unpaid accumulated storage charges shall be allowed and credited to the buyer by the seller up to and including the date of delivery. No warehouse receipt shall be valid for delivery if the receipt has expired prior to the delivery or has an expiration date in the month in which delivered.

Endorsement by the holder shall constitute a warranty of the genuineness of the warehouse receipt and of good title thereto, but shall not constitute a guarantee of performance by the issuer. (11/01/94)

\* 3702.02 Registration of Warehouse Receipts - Registration of rough rice warehouse receipts shall be subject to the following requirements:

- A. Warehouses which are regular for delivery may have their warehouse receipts registered at any time with the Official Registrar and in accordance with the requirements issued by the Registrar. If the warehouseman determines not to tender the warehouse receipt by 4:00 p.m. on the day it is registered, the warehouseman shall declare the receipt has been withdrawn but is to remain registered by transmitting to the Registrar the warehouse receipt number and the name and location of the warehouse facility. [Warehouse receipts must not be more than one year old, and must not have an expiration date in the month in which they are delivered.] The holder of a registered warehouse receipt may cancel its registration at any time. A warehouse receipt which has been canceled may not be registered again.
- B. Except in the case of delivery on the last delivery day of a delivery month, in which case the warehouse receipt must be registered before 1:00 p.m. on the last delivery day of the delivery month, the rough rice warehouse receipt must be registered before 4:00 p.m. on notice day, the business day prior to the day of delivery. If notice day is the last business day of a week, rough rice warehouse receipts must be registered before 3:00 p.m. on that day.
- C. The Registrar shall issue a weekly report showing the total number of warehouse receipts under registration as of 4:00 p.m. on the last trading day of each week. In addition to the information posted on the Exchange floor and the CBOT website, this weekly report shall show the names of warehouses whose receipts are registered. The record shall not include any receipts that have not been declared withdrawn.
- D. From his own records, the Registrar shall maintain a current record of the number of receipts that are registered and shall be responsible for posting this record on the Exchange Floor and the CBOT website. The record shall not include any receipts that have been declared withdrawn.
- E. When a warehouseman regains control of his own registered receipt, the warehouseman shall by 4:00 p.m. of that business day either cancel the registration of said receipt or declare that said receipt is withdrawn but is to remain registered by transmitting to the Registrar the receipt number and the name and location of the warehouse facility, except in the case where a notice of intention to redeliver said receipt for the warehouseman has been tendered to the Clearing House by 4:00 p.m. of the day that the warehouseman regained control of said receipt. (12/01/02)

\*Deletions bracketed for contract months September 2003 forward.

3702.03 Delivery Dates - For the trading months of January, March, May, July, September and November, delivery may be made by the seller upon any business day of the delivery month the seller may select. Delivery must be made no later than the last business day of the delivery month. (11/01/94)

3702.04 Storage - Rough rice shall be stored in a bin or bins in a warehouse declared regular by the Exchange, and may contain rough rice from one or more different lots of the same quality and milling yield. Rough rice may be added to or withdrawn from such lots, provided any rice added shall be of the same quality and milling yield and shall conform to the specifications of this chapter and any withdrawal shall not reduce the amount of rice stored in such lots to an amount less than the total amount required to satisfy all outstanding warehouse receipts issued thereagainst. (11/01/94)

3702.05 Par Delivery 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. (11/01/94)

3702.06 Par Delivery Point - The par delivery points for rough rice shall be mill site warehouses within the boundaries of the Arkansas counties of Craighead, Jackson, Poinsett, Woodruff, Cross, St. Francis, Lonoke, Prairie, Monroe, Jefferson, Arkansas and DeSha. Designation as a mill site warehouse shall be determined by the Exchange. Rough rice may be delivered in satisfaction of the rough rice futures contract at rice mill warehouses regular for delivery at the contract price. Rough rice may be delivered at regular warehouses within the twelve-county area which are not at mill sites in accordance with a schedule of discounts established and published by the Exchange pursuant to 3702.07. No warehouse regular for delivery of rough rice shall be located outside the twelve Arkansas counties listed above. (11/01/94)

3702.07 Delivery Differentials - Delivery of rough rice in satisfaction of the rough rice futures contract at regular warehouses other than regular mill site warehouses shall be subject to a delivery differential of -15 cents per hundredweight (cwt.) subject to the following:

1. At the time of filing an initial or renewal application for regularity, a warehouse shall be required to declare whether or not it is a mill site warehouse as defined in Appendix A.
2. If a regular mill site warehouse (non-mill site warehouse) renews regularity as a non-mill site warehouse (mill site warehouse) for a two-year term beginning July 1, the change in the delivery differential will become effective for the new crop delivery month of September within that two-year term.
3. Whenever the Exchange receives a bona fide renewal application for regularity which will cause the warehouse's delivery differential to change for the next crop year, a notice of the receipt of the application will be posted on the floor of the Exchange after the close of the market that day.
4. A warehouse which has been declared regular for delivery as a non-mill site warehouse (mill site warehouse) for a current regularity term ending June 30 may not be declared regular for

delivery as a mill site warehouse (non-mill site warehouse) during the balance of that term.

Pursuant to the provisions of this regulation, 3702.06 and Appendix A of these rules and regulation, the Exchange shall publish a list of all regular warehouses and the applicable discount.

3702.08 Delivery and Loading Out - Delivery shall be made on the basis of the actual weight of rough rice loaded into rail cars or trucks. A load-out charge not to exceed the tariff as filed with the Exchange in accordance with 3704.01.H shall be paid by the buyer to cover loading and weighing. The maximum load-out charge for the loading-out of rough rice against a rough rice registered warehouse receipt is 22.222 cents per cwt. which will be subject to an evaluation by the Exchange at the time of renewal of regularity of rice warehouses. An increase or decrease in the maximum load-out charge for rough rice may become effective 30 days after a notice has been posted on the Exchange floor. The notice will state the amount of the maximum load-out charge, the applicable warehouse receipts and the date that the charge will become effective.

Load-outs shall begin not later than the third business day following the day on which loading instructions are given to the warehouseman; provided, however, that the withdrawing party has within that period furnished rail cars or trucks to receive the rice. The warehouseman shall be required to load-out rice at the normal rate of load-out for the facility, but not less than 20 trucks or its equivalent weight loaded-out in rail cars per business day and shall be able to load out the warehouse's entire regular capacity in 45 calendar days or less. A party taking delivery shall receive the quantity ordered loaded out as soon as reasonably possible but no more than 45 calendar days after load-out begins. Rough rice regular warehouses shall not be required to meet these minimum load-out rates when transportation equipment is not clean and load ready, inspection services are not available, a condition of force majeure exists, or inclement weather prevents loading.

In addition, rough rice regular warehouses shall not be required to meet the minimum load-out rate for rail cars when rail cars have been constructively placed for load-in prior to constructive placement of rail cars for load-out. However, when rail cars for load-out are constructively placed after rail cars for load in, the warehouse will load-in grain from the rail cars at the normal rate of load-in for the facility. This rate shall not be less than the equivalent weight of 20 trucks loaded-in from rail cars. Rough rice regular warehouses shall not be required to meet these minimum load-in rates when a condition of force majeure exists, inspection services are not available or inclement weather prevents unloading.

The warehouse operator is not obligated to commence load-out of rough rice to a given party sooner than three business days after he receives canceled warehouse receipts and written loading instructions from such party, even if such party may have a conveyance positioned to accept load-out of rough rice before that time. If the party taking delivery presents transportation equipment of a different type (rail or truck) than that specified in the loading instructions, he is required to provide the warehouse operator with new loading orders, and the warehouse operator shall not be obligated to begin load-out of rough rice to such party sooner than three business days after he receives the new loading orders. Written loading orders received after 2:00 p.m. (Chicago time) on a given business day shall be deemed to be received on the following business day.

The warehouseman upon receipt of the canceled receipts by his agent and loading instructions from the owner by 2:00 p.m. on a given day, shall notify the owner by telex or telefax by 4:00 p.m. on that given day the scheduled day for load-out. The daily tariff load-out rate and the amount of tonnage which is scheduled for load-out before owner's load-out shall also be provided in the notification.

The owner upon acceptance of the scheduled load-out date, and if he so requests on a given day prior to load-out, shall receive a telex or telefax from the warehouseman specifying the amount of tonnage remaining before owner's equipment is loaded.

The warehouseman upon cancellation of loading instructions on any business day prior to the day of actual loading of rice, and if requested by the owner, shall reissue and register warehouse receipts for the amount of rough rice which remains unloaded. Storage fees shall begin on the date of re-issuance of the new warehouse receipts.

Storage 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 instructions.

The warehouse operator shall be permitted a two percent deviation above or below the yield of head rice shown on the warehouse receipt issued for delivery on the contract. The warehouse operator shall also be permitted a two percent deviation above or below the total milling yield shown on the warehouse receipt issued for delivery on the contract.

The warehouse operator is responsible for maintaining the milling yield of rice specified on said warehouse receipt, within the stated allowable deviations, for the total quantity of rice represented by said warehouse receipt and not for sub-lots (i.e. truckloads) of said warehouse receipt. The warehouse operator is also responsible for maintaining the numerical grade of rice specified on said warehouse receipt for the total quantity of rice represented by said warehouse receipt for the total quantity of rice represented by said warehouse receipt, however, the numerical grade for sub-lots (i.e., truckloads) shall be no more than one numerical grade below the deliverable grade specified in 3701.01. Averaging the grade or milling yield of multiple receipts is not permissible.

When the rough rice is ordered out-of-store, the warehouse operator will be reimbursed by the buyer in cash if the total milling yield or the yield of head rice of the rice loaded out is over the total milling yield or the yield of head rice listed on the warehouse receipt (up to two percent).

Conversely, the warehouse operator will reimburse the buyer in cash if the total milling yield or the yield of head rice of the rice loaded out is under the total milling yield or the yield of head rice listed on the warehouse receipt (up to two percent). Calculations shall be made daily for each receipt loaded out that day and shall be based on the nearby month rough rice future's settlement price on the day of load out. Such payments to or from the warehouse operator for excess or deficit head and broken rice shall be at the premium and discount schedule specified in 3701.01, Contract Specifications. Adjustments on the milling yield of head rice shall be based on an official test.

Both the buyer and the warehouseman will provide for an analysis of the rough rice for grade and milling yield. If there is a disagreement, then a duplicate sample taken at origin shall be analyzed by the Federal Grain Inspection Service (FGIS), or a mutually agreed-upon third party to resolve the disagreement.

Notwithstanding the above, the buyer retains the right, at his expense, to an official sampling and analysis by FGIS, or a mutually agreed-upon third party, at origin, of rough rice loaded-out at any time. (03/01/97)

3702.09 Notice of Intention - A clearing member intending to deliver shall, not later than 4:00 p.m. on position day, the second business day prior to the intended delivery day, provide to the Clearing House, a notice of intention in the form prescribed by the Exchange. On the last notice day of the delivery month, however, delivery notices may be delivered to the Clearing House until 2:00 p.m. No intra-office delivery may be made. If a clearing member has both long and short interest on its books, it must tender to the Clearing House such notices as it receives from its customers who are short. Prior to the opening of the market of the following business day, the Clearing House shall pass such notice to the clearing member having the oldest long contract as of the close of trading on the day of receipt by the Clearing House of the notice of intent (position day).

Upon receipt of the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer, the seller shall prepare invoices addressed to its assigned buyers describing the amount which buyers must pay to the seller in settlement of the actual deliveries, based on the delivery prices established by the Clearing House for that purpose adjusted for applicable premiums, discounts, storage charges, quantity variations and other items for which provision is made in these rules and regulations and other items for which provision is made in these rules and regulations relating to contracts. Such invoices shall be delivered to the Clearing House by 4:00 p.m. on notice day. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed. A buyer receiving such an invoice from the Clearing House shall, not later than 1:00 p.m. of the following day, present the invoice at the office of the seller by whom it was issued together with a certified check for the amount due, and thereupon warehouse receipts shall be delivered by the seller to the buyer.

(11/01/94)

3703.01 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 negotiable warehouse receipt holder and the seller so agree in writing. (11/01/94)

3703.02 Storage Charges - Storage charges on rough rice shall not exceed such charges as have been filed with the Exchange in accordance with 3704.01H. (which shall be designed to cover costs of storage, insurance and taxes).

No rough rice warehouse receipts shall be valid for delivery on futures

contracts unless the storage charges shall have been paid up to and including

the 18<sup>th</sup>/ day of the preceding month and such payment endorsed on the rough

rice warehouse receipt. Unpaid accumulated storage charges at the posted tariff

applicable to the warehouse where the rough rice is stored shall be allowed and

credited to the buyer by the seller to and including date of delivery.

If storage charges up to and including the 18<sup>th</sup>/ calendar day preceding the

delivery months of March, July and September and are not paid by the first

calendar day of any such delivery month, a late charge will apply. The late

charge will be an amount equal to the total unpaid accumulated storage charges

multiplied by the "prime interest rate" in effect on the day that the accrued

storage charges are paid, all multiplied by the number of calendar days that

storage is overdue divided by 360 days. The term "prime interest rate" shall

mean the lowest of the rates announced by each of the following four banks at

Chicago, Illinois, as its "prime rate". Bank of America-Illinois Bank One Harris

Trust & Savings Bank and the Northern Trust Company.

Storage [charges] on rough rice shall not exceed 34/100 of a cent per hundredweight per day.

Storage [charges] on rough rice shall not exceed 34/100 of a cent per hundredweight per day. Regular Rough Rice warehousemen shall maintain in the

immediate vicinity of the Exchange either an office or a duly authorized

representative or agent which is a registered clearing member of the Exchange to

whom Rough Rice storage charges must be paid. (12/01/02)

\*Additions underlined; deletions bracketed for contract months September 2003 forward.

\*3704.01 Conditions of Regularity for Warehouses - The following shall constitute the minimum requirements and conditions for regularity of Rough Rice warehouses:

- A. The warehouse shall at all times meet standards of construction, sanitation and dust control, insurability and physical maintenance applicable generally to commercial warehouses.
- B. It shall be situated with respect to transportation facilities deemed adequate by the Exchange.
- C. It shall be located in such states as the Exchange may designate from time to time as delivery locations for Rough Rice.
- D. It shall be in good financial standing and credit, and shall meet the minimum financial requirements and financial reporting requirements set forth in Appendix 37D. It shall file a bond with sufficient sureties in such sum and subject to such conditions as the Exchange may require. The Exchange may, at its option, waive bond requirements.
- E. It shall maintain all licenses required by state or federal law.
- F. It shall have standard equipment and appliances for the convenient and expeditious receiving, handling and shipping of Rough Rice in bulk, in railroad cars, [barges or] and in trucks, and shall be properly safeguarded and patrolled.
- G. It shall cooperate with the Exchange's system of registration of negotiable warehouse receipts and furnish to the Exchange all needed information to enable it to keep a correct record and account of all Rough Rice remaining in store and receipts issued as of the close of each week.
- H. It shall file its tariffs listing in detail the maximum charges for the handling and storage of Rough Rice, and thereafter it shall file with the Exchange any proposed changes in such tariffs. The effective date of the change will be on the first day of the month that follows a two-month time period after the day a written notice of the change is received by the Exchange.
- I. It shall not engage in unethical conduct, or fail to be operated in accordance with accepted commercial practices or fail to comply with governmental statutes, rules and regulations governing warehouses and the commodities stored therein.
- J. It shall make such reports, keep such records, and permit such warehouse visitations and examinations of documents as the Exchange, the Commodity Futures Trading Commission and the United States Department of Justice may prescribe or undertake; it shall comply with all applicable rules, regulations and orders promulgated by the Commodity Futures Trading Commission and with all requirements established by the Exchange because of such rules or orders.
- K. The Exchange may determine not to approve warehouses for regularity or increases in regular capacity of existing regular warehouses, in its sole discretion, regardless of whether such warehouses meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether warehouse receipts issued by such warehouses, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of Rough Rice futures contracts or impair the efficacy of futures trading in Rough Rice, or whether the currently approved regular capacity provides for an adequate deliverable supply. (01/01/03)

Addition underlined; deletions bracketed for contract months September 2003 forward

3704.02 Application For Declaration of Regularity - Persons operating warehouses for the storage of Rough Rice traded on the Exchange who desire to have such warehouses made regular for delivery of Rough Rice under the rules and regulations shall make application for an initial declaration of regularity on a form prescribed by the Exchange prior to May 1, 1994, and every even year thereafter, for a two-year term beginning the following July 1, and every even year thereafter, and at any time during a current term for the balance of that term. Regular warehouses who desire to change their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form. Initial regularity for the current term and changes in regularity shall be effective either thirty days after a notice that a bona fide application has been received, is posted on the floor of the exchange, or the day after the application is approved by the Exchange, whichever is later. Applications for a renewal of regularity shall be made prior to May 1, 1994, and





thereafter, for the respective years beginning July 1, 1994 and every even year thereafter, and shall be on the same form.

As part of its application for regularity, the warehouseman expressly agrees to consent to the disciplinary jurisdiction of the Exchange for five (5) years after regularity lapses for conduct pertaining to regularity which occurred while the warehouse was regular.

3704.03 Duties of Warehousemen - It shall be the duty of operators of all regular warehouses:

A. RESERVED

B. To notify the Exchange of any change in the condition of their warehouse which might materially affect their physical or financial ability to continue to meet the requirements for regularity under these rules and regulations. Any warehouse must immediately notify the Exchange of any material reduction of its capital, including the incurring of a contingent liability which would materially affect capital should such liability become fixed. Such notice must be in writing and signed by an officer of the warehouse.

For purposes of this requirement, a reduction amounting to twenty percent (20%) or more from the total capital reported as of the last date for which a financial statement was filed under this requirement shall be deemed material. In determining total capital, there shall be taken into consideration equities and deficits in all proprietary accounts properly included in the determination of net worth.

C. To insure adequately and fully commodities covered by warehouse receipts tendered for delivery against loss by fire, tornado and the contingencies provided for in the standard form of "extended coverage" endorsements or policies. Commodities shall be deemed so insured when the warehouse shall maintain such insurance for the benefit of all depositories of grain under tariffs, rules or regulations authorized and promulgated under the authority of the United States Warehouse Act. In any warehouse declared regular by the Exchange, the charge for insurance on commodities delivered on futures contracts shall be limited to a maximum of \$1.00 per \$100.00 evaluation annually. Any charges for insurance in excess of this amount shall be paid by the warehouseman.

D. To remove no commodity covered by negotiable warehouse receipts registered with the Exchange from the designated warehouse or, if appropriate, from the designated bond save at the request of the negotiable warehouse receipt holder upon surrender of the receipt.

E. To register with the Exchange all negotiable warehouse receipts relating to commodities for which the warehouse is declared regular and to cancel such registrations before releasing property.

F. To have a representative in Chicago, Illinois authorized and known to the Exchange to act in matters pertaining to negotiable warehouse receipts including shipping instructions.

G. To load vehicles furnished by holders of negotiable warehouse receipts of the Exchange within the time specified by these rules and regulations.

H. To furnish the Exchange with copies of policies or certificates of insurance under which deliverable commodities in the warehouse are insured.

I. To deliver commodities ordered out of the warehouse in buyer's vehicles within such times as specified by these rules and regulations showing no preference in out-loading, unless conditions such as acts of God, fire, flood, windstorm, explosion or other force majeure interfere therewith; provided, the warehouse shall make no charge for storage after three days following receipt of the load-out order notwithstanding delivery is prevented because of such act of God, etc.

If no time period for out-loading is set forth in the rules or regulations of a given contract, load-out under such contract shall occur not later than three business days after vehicles are ready for loading, except as provided herein.

J. To inspect the transportation facilities furnished by the negotiable warehouse receipt holder. If, in the warehouseman's judgement, cleaning is necessary, he shall immediately notify the

receipt holder and thereafter abide by the holder's instructions.

- K. To load each vehicle to its capacity providing sufficient negotiable warehouse receipts are tendered.
- L. To bear the costs of all expenses contingent upon transfer of title of the warehoused commodity to another regulated warehouse satisfactory to the owners of such commodity in the event of expiration or revocation of regularity or in the event of abandonment or sale of the properties where regularity is not reissued. (11/01/94)

3704.04 Safeguarding Condition Of Stored Commodities -

- A. Whenever in the opinion of the operator of the warehouse any commodity stored in a public warehouse under his jurisdiction should be loaded out in order to protect the best interests of the parties concerned, such operator shall notify the Exchange giving the location and grades of such commodity. The Exchange shall immediately notify an appropriate inspection service which shall at once proceed to the warehouse in which the commodity is stored and examine it in conjunction with the operator of such warehouse. If the inspection service agrees with the operator that the commodity should be moved, it shall so notify the Registrar. If the inspection service does not agree with the operator that the commodity should be moved, the operator of the warehouse shall have the right to appeal to the Business Conduct Committee of the Exchange. If on such appeal the Business Conduct Committee shall agree with the operator that the commodity should be moved, the committee shall so notify the Registrar, and the warehouse receipts covering the above specified lot or lots shall no longer be regular for delivery on futures contracts. Upon receiving such notice, either from the inspection service or from the Business Conduct Committee, the Registrar shall notify the holder, or holders, or their agents, together with the Chairman of the Business Conduct Committee, of the total quantity of the grade of commodity in question (selecting the oldest registered warehouse receipt first, then such additional registered warehouse receipts in the order of their issuance as may be necessary to equal such total quantity of the commodity).

When this information reaches the Chairman of the Business Conduct Committee, he shall appoint a Committee consisting of five disinterested handlers of the cash commodity. This Committee shall meet at once and after taking into consideration various factors that establish the value of the grade of the receipts held by such owner or owners, shall determine the fair value of the commodity, which price shall be that to be paid by the operator. If the price offered is not satisfactory, a Committee appointed by the Chairman of the Business Conduct Committee (at the request of such owner), shall procure other offers for such commodity, and such offers shall be immediately reported to the owner or his agent. If the owner refuses to accept any such offers, he shall have the two following business days to order and furnish facilities for loading the commodity out of store, and during this period the warehouse shall be obliged to deliver the commodity called for by the warehouse receipts, but not more than three (3) days may elapse after notification by the Registrar to the holder of the receipt before satisfactory disposition shall have been made of the commodity, either by sale to the operator or by the ordering out and furnishing facilities to load the same, provided the amount of such commodity does not exceed 20,000 hundredweight of rough rice in any one warehouse. If the amount of commodity in question exceeds such amount, the owner, or owners, of the warehouse receipts shall be allowed forty-eight hours of grace over and above the aforementioned three days for each additional 20,000 hundredweight.

- B. In the event that the holder of the warehouse receipt, or his agent, fails to move the commodity or make other satisfactory disposition of same within the prescribed time, it shall be held for his account, and any loss in grade sustained shall likewise be for his account.
- C. Nothing in the foregoing provisions shall be construed as prohibiting the warehouseman from fulfilling contracts from other stocks under his control. (11/01/94)

3704.05 Damage To Commodity In Store - Notice - The operator of a warehouse shall promptly advise the Exchange of any damage to a commodity held in store by it whenever such damage shall

occur to an extent that will render it unwilling to purchase and withdraw from store, at its cost, all such damaged commodity. (11/01/94)

3704.06 Revocation of Regularity - Any declaration of regularity may be withdrawn by the Exchange at any time if the warehouse does not comply with the conditions above set forth or fails to carry out prescribed duties; providing, however, the Exchange has theretofore given notice to the warehouseman of the deficiencies and a reasonable time, under the circumstances, to cure them.

If the designation is revoked, the Exchange shall post such revocation on the bulletin board together with the period of time, if any, during which the negotiable warehouse receipts issued by the warehouse will be deliverable in satisfaction of futures contracts.

Once such period of time, if any, has expired, and the negotiable warehouse receipts issued by the warehouse are no longer deliverable in satisfaction of futures contracts, the warehouse shall bear the cost of the transfer of the warehoused commodity to another regulated warehouse, in accordance with 3704.03, paragraph L. (11/01/94)

3704.07 Federal Warehouses - In compliance with the provisions of Section 5a(7) of the Commodity Exchange Act, providing that the commodity may be delivered from a warehouse subject to the United States Warehouse Act, 7 U.S.C. Sections 241-273, a receipt issued under that Act shall be accepted for delivery on any futures contract provided the commodity represented by the receipt meets contract specifications and the warehouse issuing the receipt meets the requirements imposed by this chapter on all other warehouses. (11/01/94)

3704.08 Finality of USDA Or Other Required Inspection Certificate - The Exchange assumes no responsibility and disclaims all liability on account of the grade, quantity or specifications of any commodity delivered on the basis of a USDA or other required inspection certificate. Such certificate shall constitute conclusive evidence of the grade, quantity or other specifications of the commodity described therein. (11/01/94)

3705.01 Delivery Through Clearing House - All deliveries on maturing contracts shall be made through the Clearing House. The Clearing House shall prescribe such forms and requirements for initiating and completing delivery as are consistent with this chapter and the various contract specification chapters. (11/01/94)

3705.02 Payment Upon Delivery - The receiver of a Notice of Intention from the Clearing House shall present the delivery invoice at the office of the deliverer not later than 1:00 p.m. on the next business day, i.e., delivery day, together with a certified or cashier's check drawn on a Chicago bank, and shall receive therefore, properly endorsed, warehouse receipts or shipping certificates in accordance with the Notice and any other contract documents required under these rules and regulations.

If said delivery day is a banking holiday, delivery and payment must be made before 9:30 a.m. the next banking business day and the seller shall be responsible for storage charges up to and including that banking holiday. 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 Regulations. (11/01/94)

3705.03 Necessity Of Possession Of Documents - The deliverer shall at such time as the Notice of Intent is delivered to the Clearing House have possession of all documents (except a warehouse receipt in the case of a redelivery) necessary to make good delivery. (11/01/94)

3705.04 Suspended Member Out Of Line For Delivery - When a member of the Clearing House who has open purchases is suspended from the clearing House for default or insolvency, he shall be deemed out of line for delivery and tender shall be made to the buyer obligated upon the next oldest contract. Also, if tender be made to a buyer who is thereafter suspended for default or insolvency before delivery is accepted, the Notice shall be withdrawn and another immediately served upon the buyer obligated upon the next oldest contract. (11/01/94)

3705.05 Failure to Deliver - A clearing member who has not tendered a Notice on or before 8:00 p.m. on the last day in a delivery month on which such notice is permitted shall be in default. Failure to make delivery shall constitute improper conduct. In addition to the penalties provided under Exchange

rules and regulations, the Exchange shall determine and assess the damages incurred by the buyer, taking into account the settlement price and such other factors as it may deem just. (11/01/94)

3705.06 Failure To Accept Delivery -

- A. If a clearing member fails to accept delivery, the commodity shall be sold for the account of the buyer by the Exchange. If the proceeds are insufficient to pay the seller the full delivery price, the clearing member failing to accept delivery shall be liable for the difference.
- B. If a clearing member is unable or refuses to make full payment to the seller, the Clearing House shall bear the seller's loss in the first instance.
- C. Failure to accept delivery or make full payment shall also constitute improper conduct. (11/01/94)

3705.07 Transfer Of Cash For Futures After Termination Of Contract - Subject to the Exchange approval, a transfer of cash merchandise for futures may be permitted during the contract month after termination of the contract.

Such transfer of cash for futures shall be cleared through the Clearing House in accordance with normal procedures and shall be made at the prices as are mutually agreed upon by the two parties to the transaction. Such transfers shall be clearly designated by proper symbol as transfer transactions and shall be recorded by the Exchange and the clearing member to the transactions, and proper notice given to the membership. Each party to such transaction must satisfy the Exchange that the transaction is bona fide and must file with the Clearing House all memoranda necessary to establish the nature of the transaction, the kind and quantity of the cash commodity, the kind, quantity and price of the commodity future, the names of all clearing members to the transaction and such other information as the Clearing House or Exchange may require.

Such transfer of cash for futures shall bear the normal commission charges pursuant to deliveries. (11/01/94)

3705.08 Risk Of Loss And Charges -

- A. Title and the risk of loss or damage pass to the buyer at the time of delivery of the warehouse receipts.
- B. The deliverer shall be responsible for all warehouse charges until the time when title passes and thereafter the receiver shall be responsible.
- C. The receiver shall be responsible for all inspection and weighing charges at load-out. (11/01/94)

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Ch38 Trading Conditions

3800.01 Scope Of Chapter - This chapter is limited in application to the trading of put and call options exercisable for Chicago Board of Trade Rough Rice futures contracts. Procedures for trading, clearing and any other matters not specifically covered herein shall be governed by the rules of the Association. (11/01/94)

3801.01 Unit Of Trading - The unit of trading shall be a put or call option exercisable for (1) 2,000 hundredweight Chicago Board of Trade rough rice futures contract. (11/01/94)

3802.01 Options Call -

- A. Hours Of Trading - The hours of options trading shall be concurrent with the hours of the underlying futures contract.
- B. Contract Months - Trading may be conducted in the nearby rough rice options contract month plus any succeeding months, provided however that the Exchange may determine not to list a contract month. For options that are traded in months in which rough rice futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract.
- C. Termination Of Trading - No trades in rough rice futures options expiring in the current month shall be made after the close of trading in the Regular Daytime open outcry trading session for the corresponding Rough Rice futures contract on the last Friday which precedes, by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, then trading shall terminate on the preceding business day prior to such Friday.

On the last day of trading in an expiring option class, the expiring options shall be closed with a public call made striking price by striking price, conducted by such persons as the Exchange shall direct.

- D. Option Expiration - The contractual rights and obligations arising from the unexercised option contract expire at 10:00 a.m. on the first Saturday following the last trading day.
- E. Option Premium Basis - The minimum price fluctuation of the option premium shall be \$0.0025 per hundredweight or \$5.00 per contract.  
  
However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$4.00 in \$1.00 increments per option contract.
- F. Position Limits And Reportable Positions - (See Regulation 425.01) (07/01/01)

3803.01 Striking Prices - Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of twenty (20) cents per hundredweight per rough rice futures contract (i.e., 7.80, 8.00, 8.20, etc.) and in integral multiples of forty (40) cents per hundredweight per rough rice futures contract (i.e. 8.00, 8.40, 8.80, etc.) as follows:

- A. 1. In integral multiples of twenty cents, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying rough rice futures contract, the next five consecutive higher and the next five consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
- 2. In integral multiples of forty cents, at the commencement of trading for an option

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contract, the following strikes shall be listed: the next four consecutive strikes above the initial band.

3. In integral multiples of twenty cents, over time, strikes shall be added as necessary to insure that all strikes within \$1.10 of the previous day's trading range of the underlying futures contract are listed (the "minimum band").
  4. In integral multiples of forty cents, over time, strikes shall be added as necessary to insure that the next four consecutive strikes above the minimum band are listed.
  5. No new strikes may be added by these procedures in the month in which an option expires.
- B.
1. In integral multiples of forty cents, all strikes in which the previous day's delta factors (as determined by the Exchange) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading. However, no new strikes may be added by this procedure to an option month unless open positions exist in that contract month.
  2. In integral multiples of twenty cents, during the month in which an option expires, all strikes in which the previous day's delta factors (as determined by the Exchange) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading.
- C. All strikes will be listed prior to the opening of trading on the following business day. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. (11/01/94)

3804.01 Option Exercise - An option holder intending to exercise shall present to the clearing house, no later than 6:00 p.m., or by such other time designated by the Board of Directors, on any business day through and including the last trading day, on a form prescribed thereby, a notice of exercise.

The clearing house shall assign such a notice promptly and at random to a clearing member carrying a short position in the option series. Said clearing member in turn shall assign such notice to accounts with an open short option position in a fair and non-preferred manner in accordance with written procedures. By the opening of the next trading session, in the case of a call option, the writer shall sell to the holder by book entry the underlying futures contract at the contracted striking price. In the case of a put option, the writer shall buy from the holder by book entry the underlying futures contract at the contracted striking price. Thenceforth, the writer and the holder assume the rights and obligations associated with their respective positions in the underlying futures contract.

Notwithstanding the foregoing, an option holder may exercise an option prior to 10:00 a.m. on the expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. in exceptional cases involving a customer's inability to communicate exercise instructions to the member firm or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3805.01 Daily Price Limits - Trading in a rough rice futures option shall be confined to a premium no greater than the trading limit for the rough rice futures contract above and below the option's previous day settlement premium for all trading days except the last. (11/01/94)

3806.01 Automatic Exercise - Notwithstanding the provisions of Regulation 3804.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the clearing house.

Notice to cancel automatic exercise shall be given to the clearing house by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the clearing house prior to 10:00 a.m. on the expiration date:

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- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. in exceptional cases involving a customer's inability to communicate exercise instructions to the member firm or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)



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4301.00 Authority - (See 1701.00) (11/01/97)

4302.01 Application of Regulations - Futures transactions in CBOT Dow Jones Industrial Average(SM) ("DJIA") Index contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in CBOT Dow Jones Industrial Average(SM) Index contracts. (09/01/00)

4303.01 Emergencies, Acts of God, Acts of Government - If delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. (11/01/97)

4304.01 Unit of Trading - The unit of trading shall be \$10.00 times the Dow Jones Industrial Average(SM). The Dow Jones Industrial Average(SM) is a price-weighted composite index of 30 stocks. (11/01/97)

4305.01 Months Traded In - The months listed for trading are March, June, September and December, at the discretion of the Exchange. (11/01/97)

4306.01 Price Basis - The price of the CBOT Dow Jones Industrial Average(SM) Index futures shall be quoted in points. One point equals \$10.00. The minimum price fluctuation shall be one point per contract. Contracts shall not be made on any other price basis. (11/01/97)

4307.01 Hours of Trading - The hours of trading for future delivery in CBOT Dow Jones Industrial Average(SM) Index futures shall be determined by the Board.

The market shall be opened and closed for all months simultaneously, or in such other manner as the Regulatory Compliance Committee shall direct. (11/01/97)

4308.01 Price Limits and Trading Halts - (See Regulation 1008.01) (11/01/97)

4309.01 Last Day of Trading - The last day of trading in CBOT Dow Jones Industrial Average

1 "Dow Jones (SM)", "The Dow(SM)", Dow Jones Industrial Average(SM)" and "DJIA(SM)" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by the Board of Trade of the City of Chicago ("CBOT"). The CBOT's futures and futures option contracts based on the Dow Jones Industrial Average(SM) are not sponsored, endorsed, sold or promoted by Dow Jones, and Dow Jones, and Dow Jones makes no representation regarding the advisability of trading in such product(s).

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Index futures contracts deliverable in the current delivery month shall be the trading day immediately preceding the final settlement day (as described in Regulation 4342.03). (11/01/97)

4309.02 Liquidation During the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased, in accordance with Regulation 4309.01 of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Regulation 4342.01. (11/01/97)

4310.01 Margin Requirements - (See Regulation 431.03) (11/01/97)

4312.01 Position Limits and Reportable Positions - (See Regulation 425.01) (11/01/97)

4336.01 Standards - The contract grade shall be the final settlement price (as described in Regulation 4342.02) of the Dow Jones Industrial Average(SM) Index on final settlement day (as described in Regulation 4342.03). (11/01/97)

4342.01 Delivery on Futures Contracts - Delivery against the CBOT Dow Jones Industrial Average(SM) Index Futures contract must be made through the Clearing Corporation. Delivery under these regulations shall be on the final settlement day (as described in regulation 4342.03) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in a CBOT Dow Jones Industrial Average(SM) Index futures contract at the time of termination of trading shall make payment to and receive payment through the Clearing Corporation in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Regulation 4342.02). (11/01/97)

4342.02 Final Settlement Price - The final settlement price shall be determined on the final settlement day. The final settlement price shall be \$10 times a Special Open Quotation (SOQ) of the Dow Jones Industrial Average(SM) Index based on the opening prices of the component stocks in the index, or on the last sale price of a stock that does not open for trading on the regularly scheduled day of final settlement (as described in Regulation 4342.03).

If the New York Stock Exchange ("NYSE") does not open on the day scheduled for the determination of the final settlement price, then the NYSE-stock component of the final settlement price shall be based on the next opening prices for NYSE stocks. (11/01/97)

4342.03 The Final Settlement Day - The final settlement day shall be defined as the third Friday of the contract month, or if the Dow Jones Industrial Average(SM) is not published for that day, the first preceding business day for which the Dow Jones Industrial Average(SM) is scheduled to be published. (11/01/97)

4347.01 Payment - (See Regulation 1049.04.) (11/01/97)

4348.01 Disclaimer -

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Chapter 44  
CBOT(R) Dow Jones Industrial Average(SM) Index Futures Options  
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4401.00 Authority - (See Rule 2801.00) (11/01/97)

4401.01 Application of Regulations - Transactions in put and call options on CBOT Dow Jones Industrial Average(SM) ("DJIA") Index futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on CBOT Dow Jones Industrial Average(SM) Index futures contracts. (See Rule 490.00) (09/01/00)

4402.01 Nature of CBOT Dow Jones Industrial Average(SM) Index Futures Put Options- The buyer of one (1) CBOT Dow Jones Industrial Average(SM) Index futures put option may exercise his option at any time prior to expiration (subject to Regulation 4407.01), to assume a short position in one (1) CBOT Dow Jones Industrial Average(SM) Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) CBOT Dow Jones Industrial Average(SM) Index futures put option incurs the obligation of assuming a long position in one (1) CBOT Dow Jones Industrial Average(SM) Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (11/01/97)

4402.02 Nature of Dow Jones Industrial Average(SM) Index Futures Call Options -The buyer of one (1) CBOT Dow Jones Industrial Average(SM) Index futures call option may exercise his option at any time prior to expiration (subject to Regulation 4407.01), to assume a long position in one (1) CBOT Dow Jones Industrial Average(SM) Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) CBOT Dow Jones Industrial Average(SM) Index futures call option incurs the obligation of assuming a short position in one (1) CBOT Dow Jones Industrial Average(SM) Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (11/01/97)

4403.01 Trading Unit - One (1) CBOT Dow Jones Industrial Average(SM) Index futures contract of a specified contract month on the Chicago Board of Trade. (11/01/97)

4404.01 Striking Prices - Trading shall be conducted for put and call options with striking prices in integral multiples of one hundred (100) index points per CBOT Dow Jones Industrial Average Index futures contract and in integral multiples of two hundred (200) index points per CBOT Dow Jones Industrial Average(SM) Index futures contract as follows:

- A. At the commencement of trading for quarterly and non-quarterly expirations, the following strike prices in one hundred point intervals shall be listed: one with a striking price closest to the previous day's settlement price on the underlying CBOT Dow Jones Industrial Average Index futures contract and the next twenty consecutive higher and the next twenty consecutive lower striking prices closest to the previous day's settlement price. If the previous day's settlement price is midway between two striking prices, the closest price shall be the larger of the two. Over time new striking prices will be added

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to ensure that at least twenty one hundred point striking prices always exist above and below the previous day's settlement price in the underlying futures.

- B. At the commencement of trading for quarterly and non-quarterly expirations, the following strike prices in two hundred point intervals shall be listed: the next twenty consecutive higher and the next twenty consecutive lower strike prices above and below the strike price band as stipulated in Regulation 4404.01(A). Over time new striking prices will be added to ensure that at least twenty striking prices in two hundred point intervals always exist above and below the strike price band as stipulated in Regulation 4404.01(A).
- C. All new strike prices will be added prior to the opening of trading on the following business day. The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions. (10/01/99)

4405.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (11/01/97)

4406.01 Option Premium Basis - The premium for CBOT Dow Jones Industrial Average(SM) Index futures options shall be in multiples of one-half (1/2) of one index point of a CBOT Dow Jones Industrial Average(SM) Index futures contract which shall equal \$5.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$5.00 in \$1.00 increments per option contract. (11/01/97)

4407.01 Exercise of Option - The buyer of a CBOT Dow Jones Industrial Average(SM) Index futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. (12/01/99)

4407.02 Automatic Exercise - Notwithstanding the provisions of Regulation 4407.01, for options with quarterly expirations, all in-the-money<sup>2</sup> options shall be automatically exercised after 6:00 p.m. on the business day following the last day of trading, unless notice to cancel automatic exercise is given to the Clearing Corporation. Notwithstanding the provisions of Regulation 4407.01, for options with non-quarterly expirations, all in-the-money options shall be automatically exercised after 6:00 p.m. on the last day of trading, unless notice to cancel automatic exercise is given to the Clearing Corporation.

For options with quarterly expirations, notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the business day following the last day of trading. For options with non-quarterly expirations, notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading. (12/01/99)

4408.01 Expiration of Option - Unexercised CBOT Dow Jones Industrial Average(SM) Index futures options with quarterly expirations shall expire at 7:00 p.m. on the business day following the last day of trading.

Unexercised CBOT Dow Jones Industrial Average(SM) Index futures options with non-quarterly expirations shall expire at 7:00 p.m. on the last day of trading. (11/01/97)

4409.01 Months Traded In - The months listed for trading are January through December at the discretion of the Exchange; provided however, that the Exchange may determine not to list a contract month. For options that are traded in months in which CBOT Dow Jones Industrial Average(SM) Index futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the October or November option contract is the December futures contract. (01/01/98)

4410.01 Trading Hours - The hours of trading of options on CBOT Dow Jones Industrial

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/2/ An option is in-the-money if the settlement price of the underlying futures contract is less in the case of a put, or greater in the case of a call than the exercise price for the option.



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Average(SM) Index futures contracts shall be determined by the Board. On the last day of trading in an expiring option the closing time for such option shall be the same as the underlying futures contract, subject to the provisions of the second paragraph of Rule 1007.00. On the last day of trading in an expiring option, the expiring CBOT Dow Jones Industrial Average(SM) Index futures options shall be closed with a public call, made strike price by strike price, conducted by such persons as the Regulatory Compliance Committee shall direct. CBOT Dow Jones Industrial Average(SM) Index futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (11/01/97)

4411.01 Position Limits and Reportable Positions - (See Regulation 425.01)  
(10/01/00)

4412.01 Margin Requirements - (See Regulation 431.05) (11/07/97)

4413.01 Last Day of Trading - For options expiring on the quarterly cycle, trading shall terminate at the same date and time as the underlying futures contract. For options that expire in months other than those in the quarterly cycle, options trading shall terminate on the third Friday of the option contract month, at the end of the regular trading session. If that day is not an Exchange business day, options trading shall terminate on the first preceding business day. (11/01/97)

4414.01 Option Premium Fluctuation Limits - Option premium limits for the CBOT Dow Jones Industrial Average(SM) Index futures options shall correspond to the daily trading limit in effect at that time for the underlying futures contract as specified in Regulation 1008.01F. There shall be no trading in any option contract during a period in which trading in the underlying future is halted as specified in Regulation 1008.01F. On the first day of trading, limits shall be set from the lowest premium of the opening range. (11/01/97)

4414.02 Trading Halts on e-cbot - There shall be no trading in any option contract during e-cbot trading hours when the CBOT Dow Jones Industrial Average(SM) Index primary futures contract is limit bid or limit offered at the e-cbot price limit. (09/01/00)

4415.01 Disclaimer -

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Chapter 45  
Long Term Fannie Mae(R) Benchmark Notes (SM) and Freddie Mac Reference Notes (SM)  
(6 Years 6 Months - 10 Years 3 Months)  
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Chapter 45  
Long Term Fannie Mae(R) Benchmark Notes(SM) and Freddie Mac Reference Notes(SM)  
(6 Years 6 Month - 10 Years 3 Months)  
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\*Note: These contracts are listed for trading by the Chicago Board of Trade  
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pursuant to Commodity Futures Trading Commission exchange certification  
procedures.

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4501.00 Authority - (See Rule 1701.00) (04/01/00)

4502.01 Application of Regulation - Futures transactions in Long Term Fannie Mae(R) Benchmark Notes(SM) and Freddie Mac Reference Notes(SM) shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in Long Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes. Long Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes are listed for trading by the Association pursuant to Commodity Futures Trading Commission exchange certification procedures. (02/01/01)

4503.01 Emergencies, Acts of God, Acts of Government - If the delivery or acceptance or any precondition or requirement of either is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. For example, and without limiting the Board's power, it may extend delivery dates and designate alternative delivery points in the event of conditions interfering with the normal operations of approved facilities.

In the event the Board determines that there exists a shortage of deliverable Fannie Mae Benchmark Notes and/or Freddie Mac Reference Notes, it may, upon a two-thirds vote under Rule 180.00, take such action as may be in the Board's sole discretion appear necessary to prevent, correct or alleviate the condition. Without limiting the foregoing or the authority of the Board under Rule 180.00, the Board may:

- (1) designate as deliverable, callable Fannie Mae Benchmark Notes and Bonds, and/or Freddie Mac Reference Notes and Bonds otherwise meeting the specifications and requirements stated in this chapter;
- (2) designate as deliverable one or more issues of Fannie Mae Benchmark Notes and Freddie Mac Reference Notes and/or Fannie Mae Benchmark Bonds and Freddie Mac Reference Bonds having maturities shorter than six and one-half years, or longer than ten years three months and otherwise meeting the specifications and requirements stated in this chapter; and/or

Regularity of Banks

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(3) determine a cash settlement based on the current cash value of an 6% coupon rate, six and one-half years to ten years three months Fannie Mae Benchmark Note and/or Freddie Mac Reference Note, as determined by using the current market yield curve for Fannie Mae Benchmark Notes and Freddie Mac Reference Notes on the last day of trading. (04/01/00)

4504.01 Unit of Trading - The unit of trading shall be Fannie Mae Benchmark Notes or Freddie Mac Reference Notes having a face value at maturity of one hundred thousand dollars (\$100,000) or multiples thereof. (04/01/00)

4505.01 Months Traded In - Trading in Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures may be scheduled in such months as determined by the Exchange. (04/01/00)

4506.01 Price Basis - Minimum price fluctuations shall be in multiples of one-half of one thirty-second (1/32) point per 100 points (\$15.625 rounded up to the nearest 1 cent) per contract) except for intermonth spreads, where minimum price fluctuations shall be in multiples of one-fourth of one thirty-second point per 100 points (\$7.8125 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (02/01/01)

4507.01 Hours of Trading - The hours of trading for future delivery in Long Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes shall be determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 12:00 noon (Chicago time), subject to the provisions of the second paragraph of Rule 1007.00.

The market shall be opened and closed for all months simultaneously, or in such other manner as the Regulatory Compliance Committee shall direct. (04/01/00)

4509.01 Last Day of Trading - No trades in Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures deliverable in the current month shall be made during the last seven business days of that month and any contracts remaining open must be settled by delivery or as provided in Regulation 4509.02 after trading in such contracts has ceased. (04/01/00)

4509.02 Liquidation in the Last Seven Days of Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased in accordance with Regulation 4509.01 of this chapter, outstanding contracts may be liquidated by the delivery of book-entry Fannie Mae Benchmark Notes or Freddie Mac Reference Notes (Regulation 4542.01) or by mutual agreement by means of a bona fide exchange of such current futures for actual Fannie Mae Benchmark Notes or Bonds and/or Freddie Mac Reference Notes or Bonds or comparable instruments. Such exchange must, in any event, be made no later than the fifth business day immediately preceding the last business day of the delivery month. (04/01/00)

4510.01 Margin Requirements - (See Regulation 431.03) (04/01/00)

4512.01 Position Limits and Reportable Positions - (See Regulation 425.01) (04/01/00)

Ch45 Delivery Procedures

4536.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be non-callable Fannie Mae Benchmark Notes or non-callable Freddie Mac Reference Notes which have an original issue size of at least \$3 billion and an original maturity of not more than ten years three months and which have a remaining maturity of not less than six years six months as defined below. All notes delivered against a contract must be of the same issue. For settlement, the time to maturity of a given issue is calculated in complete quarter year increments (e.g., 8 years, 10 months, 17 days is taken to be 8 years, 9 months) from the first day of the delivery month. The price at which a note with this time to maturity and with the same coupon rate as this issue will yield 6%, according to bond tables prepared by the Financial Publishing Co. of Boston, Mass., is multiplied by the settlement price to arrive at the amount at which the short invoices the long.

Fannie Mae Benchmark Notes and Freddie Mac Reference Notes deliverable against futures contracts under these regulations must have semi-annual fixed coupon payments.

Interest accrued on the notes shall be charged to the long by the short on the basis of a 360-day year consisting of 12 30-day months.

New issues of Fannie Mae Benchmark Notes and Freddie Mac Reference Notes which satisfy the standards in this regulation shall be added to the deliverable grade as they are issued. To be eligible for delivery in the current month, the newly issued notes must have been issued and settled at least three business days before the first eligible day for delivery (see 4542.01).

If during the issuance of notes Fannie Mae or Freddie Mac re-opens an existing issue, thus rendering the existing issue indistinguishable from the newly issued one, the older issue would be deliverable if it meets the following standards. The reopening must have an original issue size of at least \$3 billion, and meet the maturity standards of this chapter at the time of the reopening.

The Exchange reserves the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status. (06/01/01)

4542.01 Deliveries of Futures Contracts - Deliveries against Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 4580.01) in accordance with Department of Housing and Urban Development Title 24 CFR Part 81. Delivery must be made no earlier than the first business day of the month and no later than the last business day of the month. Notice of intention to deliver shall be given to the Board of Trade Clearing Corporation by 8:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time) on delivery day. The short Clearing Member must have contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes in place at his bank in acceptable (to his bank) delivery form no later than 10:00 a.m. (Chicago time) on delivery day. The short Clearing Member must notify his bank (Regulation 4580.01) to transfer contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes by book-entry to the long Clearing Member's account at the long Clearing Member's bank on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time) and notify his bank (Regulation 4580.01) to accept contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 4580.01) in payment for delivery of the notes. Contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes must be transferred and payment must be made before 1:00 p.m. (Chicago time) on delivery day. All deliveries must be assigned by the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it received from its customers who are

Delivery Procedures

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short. (04/01/00)

4542.02 Wire Failure - In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the long Clearing Member's bank or the short Clearing Member's bank access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. (Chicago time) on the next business day on which the Federal Reserve wire is operable. Interest shall accrue to the long paid by the short beginning on the day at which the notes were to be originally delivered.

In the event of such failure, both the long and short must provide documented evidence that the instructions were given to their respective banks in accordance with Regulations 4542.01 and 4549.04 and that all other provisions of Regulations 4542.01 and 4549.04 have been complied with. (04/01/00)

4546.01 Date of Delivery - Delivery of Long Term Fannie Mae Benchmark Notes or Freddie Mac Reference Notes may be made by the short upon any permissible delivery day of the delivery month the short may select. Delivery of Long Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes must be made no later than the last business day of that month. (04/01/00)

4547.01 Delivery Notices - (See Regulation 1047.01) (04/01/00)

4548.01 Method of Delivery - (See Regulation 1048.01) (04/01/00)

4549.00 Time of Delivery, Payment, Form of Delivery Notice - (See Rule 1049.00) (04/01/00)

4549.02 Buyer's Report of Eligibility to Receive Delivery - (See Regulation 1049.02) (04/01/00)

4549.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing House by 2:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing House by 3:00 p.m. (Chicago time), or by such other time designated by the Board of Directors. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed, by placing them in buyers' mail boxes provided for that purpose in the Clearing House. (04/01/00)

4549.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. (Chicago time) on the day of delivery, except on banking holidays when delivery must be taken and payment made before 9:30 a.m. (Chicago time) the next 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 by-laws and resolutions. (04/01/00)

4549.05 Buyers Banking Notification - The long Clearing Member shall provide the short Clearing member by 4:00 p.m. (Chicago time) on the day of intention, one business day prior to delivery day, with a Banking Notification. The Banking Notification form will include the following information: the identification number and name of the long Clearing Member; the delivery date; the notification number of the delivery assignment; the identification number and name of the short Clearing Member making delivery; the quantity of the contract being delivered; the long Clearing Member's bank, account number and specific Federal Wire instructions for the transfer of Fannie Mae Benchmark Notes or Freddie Mac Reference Notes. (04/01/00)

4550.00 Duties of Members - (See Rule 1050.00) (04/01/00)

Delivery Procedures  
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4551.01 Office Deliveries Prohibited - (See Regulation 1051.01) (04/01/00)

4554.00 Failure to Accept Delivery - (See Rule 1054.00) (04/01/00)



Regularity of Banks  
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Ch45 Regularity of Banks

4580.01 Banks - For purposes of these regulations relating to trading in Long Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes, the word "Bank" (Regulation 4542.01) shall mean a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and with capital (capital, surplus and undivided earnings) in excess of one hundred million dollars (\$100,000,000). (04/01/00)

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Long Term Fannie Mae(R) Benchmark Note(SM) and Freddie Mac Reference Note(SM)  
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Chapter 46A(Standard Options)  
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\*Note: These contacts are listed for trading by the Chicago Board of Trade  
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pursuant to Commodity Futures Trading Commission exchange certification  
procedures.

Ch46A Trading Conditions

A46601.00 Authority - (See Rule 2801.00) (04/01/00)

A4601.01 Application of Regulations - Transactions in put and call options on Long Term Fannie Mae(R) Benchmark Note(SM) and Freddie Mac Reference Note(SM) futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contracts. (See Rule 490.00.) Options on Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures are listed for trading pursuant to Commodity Futures Trading Commission exchange certification procedures. (02/01/01)

A4602.01 Nature of Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note Futures Put Options - - The buyer of one (1) Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures put option may exercise his option at any time prior to expiration (subject to Regulation A4607.01), to assume a short position in one (1) Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures put option incurs the obligation of assuming a long position in one (1) Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (04/01/00)

A4602.02 Nature of Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note Futures Call Options - - The buyer of one (1) Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures call option may exercise his option at any time prior to expiration (subject to Regulation A4607.01), to assume a long position in one (1) Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures call option incurs the obligation of assuming a short position in one (1) Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (04/01/00)

A4603.01 Trading Unit - One (1) Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract of a specified contract month on the Chicago Board of Trade. (04/01/00)

A4604.01 Striking Prices - Trading shall be conducted for put and call options with striking prices in integral multiples of one (1) point per Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract. At the commencement of trading for such option contracts, the following strike prices shall be listed: one with a striking price closest to the previous day's settlement price on the underlying Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract, the next fifteen consecutive higher and the next fifteen consecutive lower striking prices closest to the previous day's settlement price; and all strike prices listed for all other option

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contract months listed at that time. If the previous day's settlement price is midway between two striking prices, the closest price shall be the larger of the two. When a sale in the underlying Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract occurs at a price greater than or equal to the fifteenth largest striking price, a new striking price one increment higher than the existing striking prices will be added. When a sale in the underlying Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract occurs at a price less than or equal to the fifteenth smallest striking price, a new striking price one increment lower than the existing striking prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all options contract months or which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions. (04/01/00)

A4605.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (04/01/00)

A4606.01 Option Premium Basis - The premium for Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options shall be in multiples of one sixty-fourth (1/64) of one point (\$1,000) of a Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract which shall equal \$15.63 per 1/64 and \$1,000 per full point.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract

If options are quoted in volatility terms, the minimum price fluctuation shall be .10 percent (e.g., 10.0%, 10.1%, 10.2%, etc.). (04/01/00)

A4607.01 Exercise of Option - The buyer of a Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. (Chicago time) on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions; and
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. (Chicago time) on the last day of trading. (04/01/00)

A4607.02 Automatic Exercise - Notwithstanding the provisions of Regulation 4607.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. (Chicago time) on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions; and

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iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. (Chicago time) on the last day of trading. (04/01/00)

A4608.01 Expiration of Option - Unexercised Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options shall expire at 10:00 a.m. (Chicago time) on the first Saturday following the last day of trading. (04/01/00)

A4609.01 Months Traded In - Trading in Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options may be scheduled in such months as determined by the Exchange. For options that are traded in months in which Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the October or November option contract is the December futures contract. (04/01/00)

A4610.01 Trading Hours - The hours of trading of options on Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such option shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract, subject to the provisions of the second paragraph of Rule 1007.00. Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (04/01/00)

A4611.01 Position Limits and Reportable Positions - (See Regulation 495.01) (04/01/00)

A4612.01 Margin Requirements - (See Regulation 431.05) (04/01/00)

A4613.01 Last Day of Trading - No trades in Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures put and call options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract on the last Friday which precedes by at least two business days the last business day of the month preceding the option month. If such Friday is not a business day, or there is a Friday which is not a business day which precedes by one business day the last business day of the month preceding the option month, the last day of trading will be the business day prior to such Friday. (07/01/01)

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Chapter 49  
10-Year Interest Rate Swap Futures  
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Ch49 Trading Conditions

4901.01 Authority - Trading in 10-Year Interest Rate Swap futures may be conducted under such terms and conditions as may be prescribed by regulation. (11/01/01)

4902.01 Application of Regulations - Transactions in 10-Year Interest Rate Swap futures contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in 10-Year Interest Rate Swap futures contracts. 10-Year Interest Rate Swap futures are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures. (11/01/01)

4904.01 Unit of Trading - The unit of trading shall be the notional price of the fixed-rate side of a 10-year interest rate swap that has notional principal equal to \$100,000, and that exchanges semiannual interest payments at a fixed rate of 6% per annum, measured according to a 30/360 daycount convention, for floating interest rate payments, based on the 3-month London interbank offered rate (hereafter, LIBOR) and measured according to an actual/360 daycount convention, and that otherwise conforms to the terms prescribed by the International Swap and Derivatives Association, Inc. (hereafter, ISDA) for the purpose of computing the daily fixing of ISDA Benchmark Rates for U.S. dollar interest rate swaps. (06/01/02)

4905.01 Months Traded In - Trading in 10-Year Interest Rate Swap futures may be scheduled in such months as determined by the Exchange. (11/01/01)

4906.01 Price Basis - The price of 10-Year Interest Rate Swap futures contracts shall be quoted in points. One point equals \$1,000.00. The minimum price fluctuation shall be one thirty-second (1/32) of one point or thirty-one dollars and twenty-five cents (\$31.25) per contract except for intermonth spreads, where minimum price fluctuations shall be in multiples of one-fourth of one thirty-second point per 100 points (\$7.8125 per contract). Contracts shall not be made on any other price basis. (04/01/02)

4907.01 Hours of Trading - The hours of trading in 10-Year Interest Rate Swap futures shall be determined by the Board. Trading in an expiring 10-Year Interest Rate Swap futures contract shall cease at 11:00 a.m. New York time on the last trading day of said futures contract, subject to the otherwise applicable provisions of the second paragraph of Rule 1007.00. That is, on the last day of trading in an expiring future, a bell shall be rung at 11:00 a.m. New York time designating the beginning of the close of the expiring future. Trading shall be permitted thereafter for a period not to exceed one minute, and quotations made during this time shall constitute the close. Following the above-described closing procedure, the Modified Closing Call will be conducted in accordance with Regulation 1007.02. The market shall be opened and closed for all months simultaneously or in such other manner as the Regulatory Compliance Committee shall direct. (06/01/02)

4909.01 Last Day of Trading - The last trading day of a 10-Year Interest Rate Swap futures contracts shall be the second London business day before the third Wednesday of the contract's delivery month. (11/01/01)

4909.02 Liquidation During the Delivery Month - After trading has ceased in contracts for future delivery in the current delivery month (in accordance with Regulation 4909.01 of this chapter), outstanding contracts shall be liquidated by cash settlement as prescribed in Regulation 4942.01. (11/01/01)

4910.01 Margin Requirements - (See Regulation 431.03). (11/01/01)

4912.01 Position Limits and Reportable Positions - (See Regulation 425.01). (11/01/01)

4936.01 Standards - The contract grade shall be the final settlement price of the unit of trading (as defined in Regulation 4904.01 of this chapter) on the last day of trading (as defined in Regulation 4909.01 of this chapter).

The final settlement price shall be based upon the ISDA Benchmark Rate\*\* for a 10-year U.S. dollar interest rate swap for the last day of trading, as published on the last day of trading on Reuters page ISDAFIX1 (or other Reuters page as shall be designated by ISDA for the purpose of publishing and disseminating ISDA Benchmark Rates for U.S. Dollar interest rate swaps). Determination of the final settlement price on the basis of said ISDA Benchmark Rate shall be as prescribed in Regulation 4942.01 of this chapter.

Hereafter in this chapter, the ISDA Benchmark Rate for a 10-year U.S. dollar interest rate swap shall be referenced as "the ISDA Benchmark," and ISDAFIX1 (or other Reuters page as shall be designated by ISDA for the purpose of publishing and disseminating ISDA Benchmark Rates for U.S. dollar interest rate swaps) shall be referenced as "Reuters".

If Reuters fails to report the ISDA Benchmark for the last day of trading on the last day of trading, then the final settlement price shall be based upon the ISDA Benchmark for the next available business day to be reported by Reuters. (06/01/02)

4942.01 Delivery on Futures Contracts - Delivery against 10-Year Interest Rate Swap futures contracts shall be made by cash settlement through the Clearing House following normal variation margin procedures. Generally, final settlement value (defined below) shall be calculated on the last day of trading after Reuters has published the ISDA Benchmark for the last day of trading. Generally, such publications will occur at 11:30 a.m. New York time on the last day of trading. For exceptions to this, see 4936.01.

The final settlement value shall be determined as follows:

$$\text{Final Settlement Value} = \$100,000 * [6/r + (1 - 6/r) * (1 + 0.01 * r / 2) / -20]$$

where r represents the ISDA Benchmark for the last day of trading, expressed in percent terms. For example, if the ISDA Benchmark for the last day of trading is five and one quarter percent, then r is equal to 5.25.

The final settlement price shall be the final settlement value, so determined, rounded to the nearest one quarter of one thirty-second of a price point.

Example: Suppose the ISDA Benchmark on the last day of trading is 5.50. The final settlement value will be \$103,806.81. To render this in terms of price points and quarters of thirty-seconds of price points, note that it is between 103-25.75/32nds and 103-26/32nds (where each price point equals \$1,000) --

103-26/32nds	=	\$ 103,812.50
Final settlement value	=	\$ 103,806.81
103-25.75/32nds	=	\$103,804.6875

The final settlement value is nearer to 103-25.75/32nds. Thus, the final settlement price is obtained by rounding down to 103-25.75/32nds.

In the event that the final settlement value is at the exact midpoint between any two adjacent quarters of one thirty-second of a price point, the final settlement price will be obtained by rounding up to the nearest one quarter of a thirty-second of a price point. (06/01/02)

4947.01 Payment - (See Regulation 1049.04) (11/01/01)

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 \*\*ISDA Benchmark mid-market par swap rates collected at 11:00 a.m. by Reuters Limited and Garban Intercapital plc and published on Reuters page ISDAFIX1. Source: Reuters Limited.



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Ch50 Trading Conditions

5000.01 Authority - Trading in put and call options on 10-Year Interest Rate Swap futures contracts may be conducted under such terms and conditions as may be prescribed by regulation. (12/01/02)

5001.01 Application of Regulations - Transactions in put and call options on 10-Year Interest Rate Swap futures contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this Chapter which are exclusively applicable to trading in put and call options on 10-Year Interest Rate Swap futures contracts. (See Rule 490.00.) Options on 10-Year Interest Rate Swap futures are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures. (12/01/02)

5002.01 Nature of 10-Year Interest Rate Swap Futures Put Options - The buyer of one (1) 10-Year Interest Rate Swap futures put option may exercise his option at any time prior to expiration (subject to Regulation 5007.01), to assume a short position in one (1) 10-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was purchased. The seller of one (1) 10-Year Interest Rate Swap futures put option incurs the obligation of assuming a long position in one (1) 10-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was sold, upon exercise by a put option buyer. (12/01/02)

5002.02 Nature of 10-Year Interest Rate Swap Futures Call Options - The buyer of one (1) 10-Year Interest Rate Swap futures call option may exercise his option at any time prior to expiration (subject to Regulation 5007.01), to assume a long position in one (1) 10-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was purchased. The seller of one (1) 10-Year Interest Rate Swap futures call option incurs the obligation of assuming a short position in one (1) 10-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was sold, upon exercise by a call option buyer. (12/01/02)

5003.01 Trading Unit - One (1) 10-Year Interest Rate Swap futures contract of a specified contract month on the Board of Trade of the City of Chicago, Inc. (12/01/02)

5004.01 Strike Prices - Trading shall be conducted for put and call options with strike prices in integral multiples of one (1) point per 10-Year Interest Rate Swap futures contract. At the commencement of trading for such option contracts, the following strike prices shall be listed: one with a strike price closest to the previous day's settlement price on the underlying 10-Year Interest Rate Swap futures contract, the next fifteen (15) consecutive higher and the next fifteen (15) consecutive lower strike prices closest to the previous day's settlement price; and all strike prices listed for all other option contract months listed at the time. If the previous day's settlement price is midway between two strike prices, the closest price shall be the larger of the two. When a sale in the underlying 10-Year Interest Rate Swap futures contract occurs at a price greater than or equal to the fifteenth largest strike price, a new strike price one increment higher than the existing strike prices will be added. When a sale in the underlying 10-Year Interest Rate Swap futures contract occurs at a price less than or equal to the fifteenth smallest strike price, a new strike price one increment lower than the existing strike prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all option contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions. (12/01/02)

5005.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (12/01/02)

Ch50 Trading Conditions

5006.01 Option Premium Basis - The premium for 10-Year Interest Rate Swap futures options shall be in multiples of one sixty-fourth (1/64) of one point (\$1,000.00) rounded up to the nearest one cent or fifteen dollars and sixty-three cents (\$15.63) per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract. (12/01/02)

\*\*5007.01 Exercise of Option - The buyer of a 10-Year Interest Rate Swap futures option may exercise the option on any business day up to and including the day such option expires by giving notice of exercise to the Clearing House by 6:00 p.m. Chicago time, or by such other time designated by the Board of Directors, on such day. In-the-money options\*\* that have not been liquidated or exercised on the last day of trading in such option shall be automatically exercised in the absence of contrary instructions delivered to the Clearing House by 6:00 p.m. Chicago time, or by such other time designated by the Board of Directors, on the last day of trading by the clearing member representing the option buyer. (12/01/02)

\*\*An option is in-the-money if the settlement price of the underlying futures contract is less in the case of a put, or greater in the case of a call, than the exercise price of the option.

5008.01 Expiration of Option - Unexercised 10-Year Interest Rate Swap futures options shall expire at 6:00 p.m. on the day of termination of trading. (See Regulation 5013.01.) (12/01/02)

5009.01 Months Traded In - Trading in 10-Year Interest Rate Swap futures options may be scheduled in such months as determined by the Exchange. (12/01/02)

5010.01 Trading Hours - The hours of trading of options on 10-Year Interest Rate Swap futures shall be determined by the Board. Trading in an expiring option contract shall cease at 11:00 a.m. New York time on the last trading day of said option contract subject to the otherwise applicable provisions of the second paragraph of Rule 1007.00. 10-Year Interest Rate Swap futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Exchange shall direct. (12/01/02)

5011.01 Position Limits and Reportable Positions - (See Regulation 425.01) (12/01/02)

5012.01 Margin Requirements - (See Regulation 431.05) (12/01/02)

5013.01 Last Day of Trading - Trading in an expiring option contract shall terminate at the same time and date as the underlying futures contract, that is, at 11:00 a.m. New York time on the second London business day before the third Wednesday of the underlying futures contract's delivery month. (12/01/02)

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Chapter 51

5-Year Interest Rate Swap Futures  
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Chapter 51  
5-Year Interest Rate Swap Futures  
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Ch51 Trading Conditions

5101.01 Authority - Trading in 5-Year Interest Rate Swap futures may be conducted under such terms and conditions as may be prescribed by regulation. (07/01/02)

5102.01 Application of Regulations - Transactions in 5-Year Interest Rate Swap futures contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in 5-Year Interest Rate Swap futures contracts. 5-Year Interest Rate Swap futures are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures. (07/01/02)

5104.01 Unit of Trading - The unit of trading shall be the notional price of the fixed-rate side of a 5-year interest rate swap that has notional principal equal to \$100,000, and that exchanges semiannual interest payments at a fixed rate of 6% per annum, measured according to a 30/360 daycount convention, for floating interest rate payments, based on the 3-month London interbank offered rate (hereafter, LIBOR) and measured according to an actual/360 daycount convention, and that otherwise conforms to the terms prescribed by the International Swap and Derivatives Association, Inc. (hereafter, ISDA) for the purpose of computing the daily fixing of ISDA Benchmark Rates for U.S. dollar interest rate swaps. (07/01/02)

5105.01 Months Traded In - Trading in 5-Year Interest Rate Swap futures may be scheduled in such months as determined by the Exchange. (07/01/02)

5106.01 Price Basis - The price of 5-Year Interest Rate Swap futures contracts shall be quoted in points. One point equals \$1,000.00. The minimum price fluctuation shall be one thirty-second (1/32) of one point or thirty-one dollars and twenty-five cents (\$31.25) per contract, except for intermonth spreads, where minimum price fluctuations shall be in multiples of one-fourth of one thirty-second point per 100 points (\$7.8125) per contract. Contracts shall not be made on any other price basis. (07/01/02)

5107.01 Hours of Trading - The hours of trading in 5-Year Interest Rate Swap futures shall be determined by the Board.

Trading in an expiring 5-Year Interest Rate Swap futures contract shall cease at 11:00 a.m. New York time on the last trading day of said futures contract, subject to the otherwise applicable provisions of the second paragraph of Rule 1007.00. That is, on the last day of trading in an expiring future, a bell shall be rung at 11:00 a.m. New York time designating the beginning of the close of the expiring future. Trading shall be permitted thereafter for a period not to exceed one minute, and quotations made during this time shall constitute the close. Following the above-described closing procedure, the Modified Closing Call will be conducted in accordance with Regulation 1007.02.

The market shall be opened and closed for all months simultaneously or in such other manner as the Regulatory Compliance Committee shall direct. (07/01/02)

5109.01 Last Day of Trading - The last trading day of a 5-Year Interest Rate Swap futures contract shall be the second London business day before the third Wednesday of the contract's delivery month. (07/01/02)

5109.02 Liquidation During the Delivery Month - After trading has ceased in contracts for future delivery in the current delivery month (in accordance with Regulation 5109.01 of this chapter), outstanding contracts shall be liquidated by cash settlement as prescribed in Regulation 5142.01. (07/01/02)

5110.01 Margin Requirements - (See Regulation 431.03). (07/01/02)

5112.01 Position Limits and Reportable Positions - (See Regulation 425.01).  
(07/01/02)

#### Ch51 Delivery Procedures

5136.01 Standards - The contract grade shall be the final settlement price of the unit of trading (as defined in Regulation 5104.01 of this chapter) on the last day of trading (as defined in Regulation 5109.01 of this chapter).

The final settlement price shall be based upon the ISDA Benchmark Rate\*\* for a 5-year U.S. dollar interest rate swap for the last day of trading, as published on the last day of trading on Reuters page ISDAFIX1 (or other Reuters page as shall be designated by ISDA for the purpose of publishing and disseminating ISDA Benchmark Rates for U.S. Dollar interest rate swaps). Determination of the final settlement price on the basis of said ISDA Benchmark Rate shall be as prescribed in Regulation 5142.01 of this chapter.

Hereafter in this chapter, the ISDA Benchmark Rate for a 5-year U.S. dollar interest rate swap shall be referenced as the "the ISDA Benchmark," and ISDAFIX1 (or other Reuters page as shall be designated by ISDA for the purpose of publishing and disseminating ISDA Benchmark Rates for U.S. dollar interest rate swaps) shall be referenced as "Reuters".

If Reuters fails to report the ISDA Benchmark for the last day of trading on the last day of trading, then the final settlement price shall be based upon the ISDA Benchmark for the next available business day to be reported by Reuters.  
(07/01/02)

5142.01 Delivery on Futures Contracts - Delivery against 5-Year Interest Rate Swap futures contracts shall be made by cash settlement through the Clearing House following normal variation margin procedures. Generally, final settlement value (defined below) shall be calculated on the last day of trading after Reuters has published the ISDA Benchmark\*\* for the last day of trading. Generally, such publications will occur at 11:30 a.m. New York time on the last day of trading. For exceptions to this, see 5136.01.

The final settlement value shall be determined as follows:

$$\text{Final Settlement Value} = \$100,000 * [ 6/r + ( 1-6/r)*(1 + 0.01*r/2)-10 ]$$

where r represents the ISDA Benchmark for the last day of trading, expressed in percent terms. For example, if the ISDA Benchmark for the last day of trading is five and one quarter percent, then r is equal to 5.250.

The final settlement price shall be the final settlement value, so determined, rounded to the nearest one quarter of one thirty-second of a price point.

Example: Suppose the ISDA Benchmark on the last day of trading is 5.500. The final settlement value will be \$102,160.02. To render this in terms of price points and quarters of thirty-seconds of price points, note that it is between 102-05/32nds and 102-05.25/32nds (where each price point equals \$1,000) --

102-05.25/32nds	\$102,164.0625
Final settlement value	\$ 102,160.02
102-05/32nds	\$ 102,156.25

The final settlement value is nearer to 102-05/32nds. Thus, the contract expiration price is obtained by rounding down to 102-05/32nds.

In the event that the final settlement value is at the exact midpoint between any two adjacent quarters of one thirty-second of a price point, the final settlement price will be obtained by rounding up to the nearest one quarter of a thirty-second of a price point. (07/01/02)

5147.01 Payment - (See Regulation 1049.04) (07/01/02)

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\*\* ISDA Benchmark mid-market par swap rates collected at 11:00 a.m. by Reuters Limited and Garban Inter-capital plc and published on Reuters page ISDAFIX1.  
Source: Reuters Limited.

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Chapter 52  
5-Year Interest Rate Swap Futures Options  
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Ch52 Trading Conditions

5200.01 Authority - Trading in put and call options on 5-Year Interest Rate Swap futures contracts may be conducted under such terms and conditions as may be prescribed by regulation. (12/01/02)

5201.01 Application of Regulations - Transactions in put and call options on 5-Year Interest Rate Swap futures contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this Chapter which are exclusively applicable to trading in put and call options on 5-Year Interest Rate Swap futures contracts. (See Rule 490.00.) Options on 5-Year Interest Rate Swap futures are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures. (12/01/02)

5202.01 Nature of 5-Year Interest Rate Swap Futures Put Options - The buyer of one (1) 5-Year Interest Rate Swap futures put option may exercise his option at any time prior to expiration (subject to Regulation 5207.01), to assume a short position in one (1) 5-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was purchased. The seller of one (1) 5-Year Interest Rate Swap futures put option incurs the obligation of assuming a long position in one (1) 5-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was sold, upon exercise by a put option buyer. (12/01/02)

5202.02 Nature of 5-Year Interest Rate Swap Futures Call Options - The buyer of one (1) 5-Year Interest Rate Swap futures call option may exercise his option at any time prior to expiration (subject to Regulation 5207.01), to assume a long position in one (1) 5-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was purchased. The seller of one (1) 5-Year Interest Rate Swap futures call option incurs the obligation of assuming a short position in one (1) 5-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was sold, upon exercise by a call option buyer. (12/01/02)

5203.01 Trading Unit - One (1) 5-Year Interest Rate Swap futures contract of a specified contract month on the Board of Trade of the City of Chicago, Inc. (12/01/02)

5204.01 Strike Prices - Trading shall be conducted for put and call options with strike prices in integral multiples of one (1) point per 5-Year Interest Rate Swap futures contract. At the commencement of trading for such option contracts, the following strike prices shall be listed: one with a strike price closest to the previous day's settlement price on the underlying 5-Year Interest Rate Swap futures contract, the next fifteen (15) consecutive higher and the next fifteen (15) consecutive lower strike prices closest to the previous day's settlement price; and all strike prices listed for all other option contract months listed at the time. If the previous day's settlement price is midway between two strike prices, the closest price shall be the larger of the two. When a sale in the underlying 5-Year Interest Rate Swap futures contract occurs at a price greater than or equal to the fifteenth largest strike price, a new strike price one increment higher than the existing strike prices will be added. When a sale in the underlying 5-Year Interest Rate Swap futures contract occurs at a price less than or equal to the fifteenth smallest strike price, a new strike price one increment lower than the existing strike prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all option contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions. (12/01/02)

5205.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (12/01/02)



Ch52 Trading Conditions

5206.01 Option Premium Basis - The premium for 5-Year Interest Rate Swap futures options shall be in multiples of one sixty-fourth (1/64) of one point (\$1,000.00) rounded up to the nearest one cent or fifteen dollars and sixty-three cents (\$15.63) per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract. (12/01/02)

\*\*5207.01 Exercise of Option - The buyer of a 5-Year Interest Rate Swap futures option may exercise the option on any business day up to and including the day such option expires by giving notice of exercise to the Clearing House by 6:00 p.m. Chicago time, or by such other time designated by the Board of Directors, on such day. In-the-money options\*\* that have not been liquidated or exercised on the last day of trading in such option shall be automatically exercised in the absence of contrary instructions delivered to the Clearing House by 6:00 p.m. Chicago time, or by such other time designated by the Board of Directors, on the last day of trading by the clearing member representing the option buyer. (12/01/02)

\*\*An option is in-the-money if the settlement price of the underlying futures contract is less in the case of a put, or greater in the case of a call, than the exercise price of the option.

5208.01 Expiration of Option - Unexercised 5-Year Interest Rate Swap futures options shall expire at 6:00 p.m. on the day of termination of trading. (See Regulation 5013.01.) (12/01/02)

5209.01 Months Traded In - Trading in 5-Year Interest Rate Swap futures options may be scheduled in such months as determined by the Exchange. (12/01/02)

5210.01 Trading Hours - The hours of trading of options on 5-Year Interest Rate Swap futures shall be determined by the Board. Trading in an expiring option contract shall cease at 11:00 a.m. New York time on the last trading day of said option contract subject to the otherwise applicable provisions of the second paragraph of Rule 1007.00. 5-Year Interest Rate Swap futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Exchange shall direct. (12/01/02)

5211.01 Position Limits and Reportable Positions - (See Regulation 425.01) (12/01/02)

5212.01 Margin Requirements - (See Regulation 431.05) (12/01/02)

5213.01 Last Day of Trading - Trading in an expiring option contract shall terminate at the same time and date as the underlying futures contract, that is, at 11:00 a.m. New York time on the second London business day before the third Wednesday of the underlying futures contract's delivery month. (12/01/02)

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Chapter 53  
CBOT(R) mini-sized Dow/SM/ Futures (\$5 Multiplier)  
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Note: These contracts are listed for trading by the Chicago Board of Trade pursuant to Commodity Futures Trading Commission exchange certification procedures.

Ch53 Trading Conditions

5301.01 Authority - Trading in CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) may be conducted under such terms and conditions as may be prescribed by regulation. (04/01/02)

5302.01 Application of Regulation - Futures transactions in CBOT(R) mini-sized Dow/SM/ (\$5 multiplier) contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in CBOT(R) mini-sized Dow/SM/ (\$5 multiplier) contracts. CBOT(R) mini-sized Dow/SM/ (\$5 multiplier) futures are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures. (04/01/02)

5303.01 Emergencies, Acts of God, Acts of Government - If the delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. (04/01/02)

5304.01 Unit of Trading -- The unit of trading shall be \$5.00 times the Dow Jones Industrial Average/SM/. The Dow Jones Industrial Average/SM/ is a price-weighted index of 30 of the largest and most liquid U.S. stocks. (04/01/02)

5305.01 Months Traded In - The months listed for trading are March, June, September and December, at the discretion of the Exchange. (04/01/02)

5306.01 Price Basis - The price of CBOT(R) mini-sized Dow/SM/ (\$5 multiplier) futures shall be quoted in index points. One index point is worth \$5.00. The minimum price fluctuation shall be one point per contract (\$5.00). Contracts shall not be made on any other price basis. (04/01/02)

5307.01 Hours of Trading - The hours of trading for future delivery in CBOT(R) mini-sized Dow/SM/ futures (\$5.00 multiplier) shall be determined by the Board.

The market shall be opened and closed for all months simultaneously, or in such other manner as the Exchange shall direct. (04/01/02)

5308.01 Price Limits and Trading Halts - (See Regulation 1008.01.) (04/01/02)

5309.01 Last Day of Trading - The last day of trading in CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts deliverable in the current delivery month shall be the trading day immediately preceding the final settlement day (as described in Regulation 5342.03). (04/01/02)

5309.02 Liquidation During the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased, in accordance with Regulation 5309.01 of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Regulation 5342.01. (04/01/02)

/1/ "Dow Jones/SM/", "The Dow/SM/", Dow Jones Industrial Average/SM/" and "DJIA/SM/" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by the Board of Trade of the City of Chicago, Inc. ("CBOT(R)"). The CBOT's futures and futures option contracts based on the Dow Jones Industrial Average/SM/ are not sponsored, endorsed, sold or promoted by Dow Jones/SM/, and Dow Jones/SM/ makes no representation regarding the advisability of trading in such products.

Ch 53 Delivery Procedures

5310.01 Margin Requirements - (See Regulation 431.03.) (04/01/02)

5312.01 Position Limits and Reportable Positions - (See Regulation 425.01.) (04/01/02)

Ch 53 Delivery Procedures

5336.01 Standards - The contract grade shall be the final settlement price (as described in Regulation 5342.02) of the CBOT(R) mini-sized Dow/SM/ (\$5 multiplier) on final settlement day (as described in Regulation 5342.03). (04/01/02)

5342.01 Delivery on Futures Contracts - Delivery against the CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contract must be made through the Clearing Corporation. Delivery under these regulations shall be on the final settlement day (as described in regulation 5342.03) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in a CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contract at the time of termination of trading shall make payment to and receive payment through the Clearing Corporation in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Regulation 5342.02). (04/01/02)

5342.02 Final Settlement Price - The final settlement price shall be determined on the final settlement day. The final settlement price shall be \$5 times a Special Open Quotation (SOQ) of the Dow Jones Industrial Average/SM/ based on the opening prices of the component stocks in the index, or on the last sale price of a stock that does not open for trading on the regularly scheduled day of final settlement (as described in Regulation 5342.03).

If the designated primary market for a component stock does not open on the day scheduled for the determination of the final settlement price, then the final settlement price shall be based on the next opening price for the component stock.

If a component stock does not trade on the day scheduled for determination of the final settlement price while the primary market for the stock is open for trading, the last sale price of the stock will be used to calculate the final settlement price. (04/01/02)

5342.03 The Final Settlement Day - The final settlement day shall be defined as the third Friday of the contract month, or if the Dow Jones Industrial Average/SM/ is not scheduled to be published for that day, the first preceding business day for which the Dow Jones Industrial Average/SM/ is scheduled to be published. (04/01/02)

5347.01 Payment - (See Regulation 1049.04.) (04/01/02)

5348.01 Disclaimer -

CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) are not sponsored, endorsed, sold or promoted by Dow Jones. Dow Jones makes no representation or warranty, express or implied, to the owners of CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts or any member of the public regarding the advisability of trading in CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts. Dow Jones' only relationship to the Exchange is the licensing of certain trademarks and trade names of Dow Jones and of the Dow Jones Industrial Average/SM/ which is determined, composed and calculated by Dow Jones without regard to the Chicago Board of Trade or CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts. Dow Jones has no obligation to take the needs of the Chicago Board of Trade or the owners of CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts into consideration in determining, composing or calculating the Dow Jones Industrial Average/SM/. Dow Jones is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts to be listed or in the determination or calculation of the equation by which CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts are to be converted into cash. Dow Jones has no obligation or liability in connection with the administration, marketing or trading of CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts.

Ch 53 Delivery Procedures

DOW JONES DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE DOW JONES INDUSTRIAL AVERAGE/SM/ OR ANY DATA INCLUDED THEREIN AND DOW JONES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. DOW JONES MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE CHICAGO BOARD OF TRADE, OWNERS OF CBOT(R) mini-sized DOW/SM/ FUTURES (\$5 MULTIPLIER) CONTRACTS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE DOW JONES INDUSTRIAL AVERAGE/SM/ OR ANY DATA INCLUDED THEREIN. DOW JONES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE DOW JONES INDUSTRIAL AVERAGE/SM/ OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL DOW JONES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN DOW JONES AND THE CHICAGO BOARD OF TRADE. (04/01/02)

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Chapter 56  
CBOT(R) Dow Jones-AIG Commodity Index(SM) Futures  
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Ch56 Trading Conditions

5601.01 Authority - Trading in CBOT Dow Jones-AIG Commodity Index(SM) futures may be conducted under such terms and conditions as may be prescribed by Regulation. (11/01/01)

5602.01 Application of Regulations - Futures transactions in CBOT Dow Jones-AIG Commodity Index(SM) ("DJ-AIGCI(SM)") futures contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in CBOT Dow Jones-AIG Commodity Index(SM) futures. CBOT Dow Jones-AIG Commodity Index(SM) futures contracts are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures. (11/01/01)

5603.01 Emergencies, Acts of God, Acts of Government - If delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. (11/01/01)

5604.01 Unit of Trading - The unit of trading shall be \$100.00 times the Dow Jones-AIG Commodity Index(SM) Futures Price Index which corresponds to each futures contract.

The Dow Jones-AIG Commodity Index(SM) (DJ-AIGCI(SM)) is a liquidity and world production, dollar-weighted, arithmetic average of prices of up to 23 exchange-traded physical commodity futures contracts which satisfy specified criteria. The futures price index is calculated as the fair value of the basket of futures contracts in the DJ-AIGCI(SM) for a specific contract month. The futures price index is identical to the calculation of the weighted average value (WAV1) of the lead futures in the DJ-AIGCI(SM) divided by four(4) and rounded to one decimal place. The futures price index incorporates no rolling forward of futures contracts and is quoted only until the expiration of the corresponding DJ-AIGCI(SM) futures contract. For any January contract, the futures price index shall be determined using the prior year's DJ-AIGCI(SM) specifications. February through December contracts shall use the current year's DJ-AIGCI(SM) specifications. The DJ-AIGCI(SM) specifications criteria, calculation, and roll procedures are defined in the Dow Jones-AIG Commodity Index(SM) Handbook. (09/01/02)

5605.01 Months Traded In - The months listed for trading are January, February, April, June, August, October and December, at the discretion of the Exchange. (11/01/01)

5606.01 Price Basis - The price of the CBOT Dow Jones-AIG Commodity Index(SM) futures shall be quoted in points. One point equals \$100.00. The minimum price fluctuation shall be 0.1 (1/10) points per contract (\$10.00 per contract). Contracts shall not be made on any other price basis. (11/01/01)

5607.01 Hours of Trading - The hours of trading for future delivery in CBOT Dow Jones-AIG Commodity Index(SM) futures shall be determined by the Exchange.

The market shall be opened and closed for all months simultaneously, or in such other manner as the

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/1/ "Dow Jones," AIG(R) "Dow Jones-AIG Commodity Index[SM]," and DJ-AIGCI[SM]" are service marks of Dow Jones & Company, Inc. and American International Group, Inc., as the case may be, and have been licensed for use for certain purposes by the CBOT. The CBOT Dow Jones-AIG Commodity Index futures and futures options are not sponsored, endorsed or sold by Dow Jones, AIG, American International Group, or any of their respective subsidiaries or affiliates, and none of Dow Jones, AIG, American International Group, or any of their respective subsidiaries or affiliates, makes any representation regarding the advisability of investing in such product(s)."

Ch56 Trading Conditions

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Exchange shall direct. (11/01/01)

5608.01 Price Limits and Trading Halts - There are no price limits for CBOT Dow Jones-AIG Commodity Index(SM) futures. (11/01/01)

5609.01 Last Day of Trading - The last day of trading in CBOT Dow Jones-AIG Commodity Index(SM) futures contracts deliverable in the current delivery month shall be the eleventh business day of the contract month (as described in Regulation 5642.03). (11/01/01)

5609.02 Liquidation During the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased, in accordance with Regulation 5609.01 of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Regulation 5642.01. (11/01/01)

5609.02 Margin Requirements - (See Regulation 431.03) (11/01/01)

5612.01 Position Limits and Reportable Positions - (See Regulation 425.01) (11/01/01)



5636.01 Standards - The contract grade shall be the final settlement price (as described in Regulation 5642.02) of the Dow Jones-AIG Futures Price Index on final settlement day (as described in Regulation 5642.03). (11/01/01)

5642.01 Delivery on Futures Contracts - Delivery against the CBOT Dow Jones-AIG Commodity Index(SM) futures contracts must be made through the Clearing Corporation. Delivery under these regulations shall be on the final settlement day (as described in regulation 5642.03) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in a CBOT Dow Jones-AIG Commodity Index(SM) futures contract at the time of termination of trading shall make payment to and receive payment through the Clearing Corporation in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Regulation 5642.02). (11/01/01)

5642.02 Final Settlement Price - The final settlement price shall be based on a special quotation of the Dow Jones-AIG Futures Price Index which corresponds to the expiring contract as the close of business on the final settlement day (as described in Regulation 5642.03). This special quotation will consist of the Dow Jones-AIG Futures Price Index which corresponds to the expiring contract calculated using the settlement prices of the component futures on final settlement day, except as noted below.

If an exchange that a component or components of the futures price index is trading on is not open on the final settlement day because of a schedule closing, then the contribution to the final settlement price for the affected component or components shall be based on the settlement quotation of the first preceding trading day.

If a component contract month's settlement price on the final settlement day is unavailable because of an unanticipated and/or unannounced closure of the component contract market, then the price of such component contract to be used in calculating the final settlement price shall be the next available settlement price.

If the settlement price of a component contract is a limit bid or offer on the final settlement day, then that contract's contribution to the final settlement price is deferred up to ten business days. In the event that a component contract's settlement price is a limit bid or offer on the final settlement day, the price to be used is the first settlement price after the final settlement day that is not a limit bid or offer. If the settlement price is a limit bid or offer for ten consecutive business days following the final settlement day, the contract's settlement price on the tenth subsequent business day shall be used as the contract's contribution to the final settlement price. (11/01/01)

5642.03 The Final Settlement Day - The final settlement day shall be defined as the eleventh business day of the contract month, or if the Dow Jones-AIG Futures Price Index is not published for that day, the first preceding business day for which the Dow Jones-AIG Futures Price Index was published. (11/01/01)

5647.01 Payment - (See Regulation 1049.04.) (11/01/01)

5648.01 Disclaimer - The CBOT Dow Jones-AIG Commodity Index(SM) futures and futures options are not sponsored, endorsed or sold by Dow Jones, American International Group, AIG or any of their affiliates. None of Dow Jones, American International Group, AIG or any of their affiliates makes any representation or warranty, express or implied, to the owners of or counterparts to the futures and futures options or any member of the public regarding the advisability of investing in securities or commodities generally or in the futures or futures options particularly. The only relationship of such persons to the Licensee is the licensing of certain trademarks, trade names and service marks and of the Dow Jones-AIG Commodity Index(SM), which is determined, composed and calculated by Dow Jones in conjunction with AIG without regard to the CBOT or the CBOT Dow Jones-AIG Commodity Index(SM) futures or futures options. Dow Jones and AIG have no obligation to take the needs of the CBOT or the owners of the futures or futures options into consideration in determining, composing or calculating Dow Jones-AIG Commodity Index(SM). None of Dow Jones, American International Group, AIG or any of their affiliates is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Dow Jones-AIG Commodity Index(SM) futures or futures options to be issued or in the determination or calculation of the equation by which the futures or futures options are to be converted into cash. None of Dow Jones, American International Group, AIG or any of their affiliates shall have any obligation or liability in connection with the administration, marketing or trading of the futures or futures options. Notwithstanding the foregoing, AIG, American International Group and their respective affiliates may independently issue and/or sponsor financial products unrelated to the Products currently being issued by Licensee, but which may be similar to and competitive with the Products.

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Chapter 57  
Medium Term Fannie Mae(R)Benchmark Notes(SM) and Freddie Mac Reference Notes(SM)  
(4 Years to 5 Years 3 Months)  
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\*Note: These contracts are listed for trading by the Chicago Board of Trade  
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pursuant to Commodity Futures Trading Commission exchange certification  
procedures.

Ch57 Trading Conditions

5701.00 Authority - (See Rule 1701.00) (02/01/01)

5702.01 Application of Regulation - Futures transactions in Medium Term Fannie Mae(R) Benchmark Notes(SM) and Freddie Mac Reference Notes(SM) shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in Medium Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes. Medium Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes are listed for trading by the Association pursuant to Commodity Futures Trading Commission exchange certification procedures. (02/01/01)

5703.01 Emergencies, Acts of God, Acts of Government - If the delivery or acceptance or any precondition or requirement of either is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. For example, and without limiting the Board's power, it may extend delivery dates and designate alternative delivery points in the event of conditions interfering with the normal operations of approved facilities.

In the event the Board determines that there exists a shortage of deliverable Fannie Mae Benchmark Notes and/or Freddie Mac Reference Notes, it may, upon a two-thirds vote under Rule 180.00, take such action as may be in the Board's sole discretion appear necessary to prevent, correct or alleviate the condition. Without limiting the foregoing or the authority of the Board under Rule 180.00, the Board may:

- (1) designate as deliverable, callable Fannie Mae Benchmark Notes and Bonds, and/or Freddie Mac Reference Notes and Bonds otherwise meeting the specifications and requirements stated in this chapter;
- (2) designate as deliverable one or more issues of Fannie Mae Benchmark Notes and Freddie Mac Reference Notes and/or Fannie Mae Benchmark Bonds and Freddie Mac Reference Bonds having maturities shorter than four years, or longer than five year three months and otherwise meeting the specifications and requirements stated in this chapter; and/or

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(3) determine a cash settlement based on the current cash value of an 6% coupon rate, four year to five year three month Fannie Mae Benchmark Note and/or Freddie Mac Reference Note, as determined by using the current cash market yield curve for Fannie Mae Benchmark Notes and Freddie Mac Reference Notes on the last day of trading. (02/01/01)

5704.01 Unit of Trading - The unit of trading shall be Fannie Mae Benchmark Notes or Freddie Mac Reference Notes having a face value at maturity of one hundred thousand dollars (\$100,000) or multiples thereof. (02/01/01)

5705.01 Months Traded In - Trading in Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures may be scheduled in such months as determined by the Exchange. (02/01/01)

5706.01 Price Basis - Minimum price fluctuations shall be in multiples of one-half of one thirty-second (1/32) point per 100 points (\$15.625 rounded up to the nearest 1 cent) per contract) except for intermonth spreads, where minimum price fluctuations shall be in multiples of one-fourth of one thirty-second point per 100 points (\$7.8125 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (02/01/01)

5707.01 Hours of Trading - The hours of trading for future delivery in Medium Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes shall be determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 12:00 noon (Chicago time), subject to the provisions of the second paragraph of Rule 1007.00.

The market shall be opened and closed for all months simultaneously, or in such other manner as the Regulatory Compliance Committee shall direct. (02/01/01)

5709.01 Last Day of Trading - No trades in Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures deliverable in the current month shall be made during the last seven business days of that month and any contracts remaining open must be settled by delivery or as provided in Regulation 5709.02 after trading in such contracts has ceased. (02/01/01)

5709.02 Liquidation in the Last Seven Days of Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased in accordance with Regulation 5709.01 of this chapter, outstanding contracts may be liquidated by the delivery of book-entry Fannie Mae Benchmark Notes or Freddie Mac Reference Notes (Regulation 5742.01) or by mutual agreement by means of a bona fide exchange of such current futures for actual Fannie Mae Benchmark Notes or Bonds and/or Freddie Mac Reference Notes or Bonds or comparable instruments. Such exchange must, in any event, be made no later than the fifth business day immediately preceding the last business day of the delivery month. (02/01/01)

5710.01 Margin Requirements - (See Regulation 431.03) (02/01/01)

5712.01 Position Limits and Reportable Positions - (See Regulation 425.01) (02/01/01)

## Delivery Procedures

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5736.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be non-callable Fannie Mae Benchmark Notes or non-callable Freddie Mac Reference Notes which have an original issue size of at least \$3 billion and an original maturity of not more than five years three months and which have a remaining maturity of not less than four years as defined below. All notes delivered against a contract must be of the same issue. For settlement, the time to maturity of a given issue is calculated in complete one month increments (e.g., 4 years, 5 months, and 14 days is taken to be 4 years and 5 months) from the first day of the delivery month. The price at which a note with this time to maturity and with the same coupon rate as this issue will yield 6%, according to bond tables prepared by the Financial Publishing Co. of Boston, Mass., is multiplied by the settlement price to arrive at the amount at which the short invoices the long. Fannie Mae Benchmark Notes and Freddie Mac Reference Notes deliverable against futures contracts under these regulations must have semi-annual fixed coupon payments.

Interest accrued on the notes shall be charged to the long by the short on the basis of a 360-day year consisting of twelve 30-day months.

New issues of Fannie Mae Benchmark Notes and Freddie Mac Reference Notes which satisfy the standards in this regulation shall be added to the deliverable grade as they are issued. To be eligible for delivery in the current month, the newly issued notes must have been issued and settled at least three business days before the first eligible day for delivery (see 5742.01).

If during the issuance of notes Fannie Mae or Freddie Mac re-opens an existing issue, thus rendering the existing issue indistinguishable from the newly issued one, the older issue would be deliverable if it meets the following standards. The reopening must have an original issue size of at least \$3 billion, and meet the maturity standards of this chapter at the time of the reopening.

The Exchange reserves the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status. (06/01/01)

5742.01 Deliveries of Futures Contracts - Deliveries against Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 5780.01) in accordance with Department of Housing and Urban Development Title 24 CFR Part 81. Delivery must be made no earlier than the first business day of the month and no later than the last business day of the month. Notice of intention to deliver shall be given to the Board of Trade Clearing Corporation by 8:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time) on delivery day. The short Clearing Member must have contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes in place at his bank in acceptable (to his bank) delivery form no later than 10:00 a.m. (Chicago time) on delivery day. The short Clearing Member must notify his bank (Regulation 5780.01) to transfer contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes by book-entry to the long Clearing Member's account at the long Clearing Member's bank on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time) and notify his bank (Regulation 5780.01) to accept contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 5780.01) in payment for delivery of the notes. Contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes must be transferred and payment must be made before 1:00 p.m. (Chicago time) on delivery day. All deliveries must be assigned by the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it received from its customers who are short. (02/01/01)

5742.02 Wire Failure - In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the long Clearing Member's bank or the short Clearing Member's bank access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. (Chicago time) on the next business day on which the Federal Reserve wire is operable. Interest shall accrue to the long paid by the short beginning on the day at which the notes were to be originally

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delivered.

In the event of such failure, both the long and short must provide documented evidence that the instructions were given to their respective banks in accordance with Regulations 5742.01 and 5749.04 and that all other provisions of Regulations 5742.01 and 5749.04 have been complied with. (02/01/01)

5746.01 Date of Delivery - Delivery of Medium Term Fannie Mae Benchmark Notes or Freddie Mac Reference Notes may be made by the short upon any permissible delivery day of the delivery month the short may select. Delivery of Medium Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes must be made no later than the last business day of that month. (02/01/01)

5747.01 Delivery Notices - (See Regulation 1047.01) (02/01/01)

5748.01 Method of Delivery - (See Regulation 1048.01) (02/01/01)

5749.00 Time of Delivery, Payment, Form of Delivery Notice - (See Rule 1049.00) (02/01/01)

5749.02 Buyer's Report of Eligibility to Receive Delivery - (See Regulation 1049.02) (02/01/01)

5749.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing House by 2:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing House by 3:00 p.m. (Chicago time), or by such other time designated by the Board of Directors. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed, by placing them in buyers' mail boxes provided for that purpose in the Clearing House. (02/01/01)

5749.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. (Chicago time) on the day of delivery, except on banking holidays when delivery must be taken and payment made before 9:30 a.m. (Chicago time) the next 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 by-laws and resolutions. (02/01/01)

5749.05 Buyers Banking Notification - The long Clearing Member shall provide the short Clearing member by 4:00 p.m. (Chicago time) on the day of intention, one business day prior to delivery day, with a Banking Notification. The Banking Notification form will include the following information: the identification number and name of the long Clearing Member; the delivery date; the notification number of the delivery assignment; the identification number and name of the short Clearing Member making delivery; the quantity of the contract being delivered; the long Clearing Member's bank, account number and specific Federal Wire instructions for the transfer of Fannie Mae Benchmark Notes or Freddie Mac Reference Notes. (02/01/01)

5750.00 Duties of Members - (See Rule 1050.00) (02/01/01)

5751.01 Office Deliveries Prohibited - (See Regulation 1051.01) (02/01/01)

5754.00 Failure to Accept Delivery - (See Rule 1054.00) (02/01/01)

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5780.01 Banks - For purposes of these regulations relating to trading in Medium Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes, the word "Bank" (Regulation 5742.01) shall mean a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and with capital (capital, surplus and undivided earnings) in excess of one hundred million dollars (\$100,000,000). (02/01/01)



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Chapter 58A  
Medium Term Fannie Mae(R)Benchmark Notes(SM) and Freddie Mac  
Reference Notes(SM) Futures Options  
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\*Note: These contracts are listed for trading by the Chicago Board of Trade  
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pursuant to Commodity Futures Trading Commission exchange certification  
procedures.

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A58601.00 Authority - (See Rule 2801.00) (02/01/01)  
A5801.01 Application of Regulations - Transactions in put and call options on  
Medium Term Fannie Mae(R) Benchmark Notes(SM) and Freddie Mac Reference  
Notes(SM) futures contracts shall be subject to the general rules of the  
Association as far as applicable and shall also be subject to the regulations  
contained in this chapter which are exclusively applicable to trading in put and  
call options on Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference  
Note futures contracts. (See Rule 490.00.) Options on Medium Term Fannie Mae  
Benchmark Note and Freddie Mac Reference Note futures are listed for trading  
pursuant to Commodity Futures Trading Commission exchange certification  
procedures. (02/01/01)

A5802.01 Nature of Medium Term Fannie Mae Benchmark Note and Freddie Mac  
Reference Note Futures Put Options - The buyer of one (1) Medium Term Fannie Mae  
Benchmark Note and Freddie Mac Reference Note futures put option may exercise  
his option at any time prior to expiration (subject to Regulation A5807.01), to  
assume a short position in one (1) Medium Term Fannie Mae Benchmark Note and  
Freddie Mac Reference Note futures contract of a specified contract month at a  
striking price set at the time the option was purchased. The seller of one (1)  
Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures put  
option incurs the obligation of assuming a long position in one (1) Medium Term  
Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract of a  
specified contract month at a striking price set at the time the option was  
sold, upon exercise by a put option buyer. (02/01/01)

A5802.02 Nature of Medium Term Fannie Mae Benchmark Note and Freddie Mac  
Reference Note Futures Call Options - The buyer of one (1) Medium Term Fannie  
Mae Benchmark Note and Freddie Mac Reference Note futures call option may  
exercise his option at any time prior to expiration (subject to Regulation  
A5807.01), to assume a long position in one (1) Medium Term Fannie Mae Benchmark  
Note and Freddie Mac Reference Note futures contract of a specified contract  
month at a striking price set at the time the option was purchased. The seller  
of one (1) Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note  
futures call option incurs the obligation of assuming a short position in one  
(1) Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures  
contract of a specified contract month at a striking price set at the time the  
option was sold, upon exercise by a call option buyer. (02/01/01)

A5803.01 Trading Unit - One (1) Medium Term Fannie Mae Benchmark Note and  
Freddie Mac Reference Note futures contract of a specified contract month on the  
Chicago Board of Trade. (02/01/01)

A5804.01 Striking Prices - Trading shall be conducted for put and call options  
with striking prices in integral multiples of one-half (1/2) point per Medium  
Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract.  
At the commencement of trading for such option contracts, the following strike  
prices shall be listed: one with a striking price closest to the previous day's  
settlement price on the underlying Medium Term Fannie Mae Benchmark Note and  
Freddie Mac Reference Note futures contract, the next twelve consecutive higher  
and the next twelve consecutive lower striking prices closest to the previous  
day's settlement price; and all strike prices listed for all other option  
contract months listed at that time. If the previous day's settlement price is  
midway

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between two striking prices, the closest price shall be the larger of the two. When a sale in the underlying Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract occurs at a price greater than or equal to the twelfth largest striking price, a new striking price one increment higher than the existing striking prices will be added. When a sale in the underlying Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract occurs at a price less than or equal to the twelfth smallest striking price, a new striking price one increment lower than the existing striking prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all options contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions. (02/01/01)

A5805.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (02/01/01)

A5806.01 Option Premium Basis - The premium for Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options shall be in multiples of one sixty-fourth (1/64) of one point (\$1,000) of a Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract which shall equal \$15.63 per 1/64 and \$1,000 per full point.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract

If options are quoted in volatility terms, the minimum price fluctuation shall be .10 percent (e.g., 10.0%, 10.1%, 10.2%, etc.). (02/01/01)

A5807.01 Exercise of Option - The buyer of a Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. (Chicago time) on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions; and
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. (Chicago time) on the last day of trading. (02/01/01)

A5807.02 Automatic Exercise - Notwithstanding the provisions of Regulation 5807.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. (Chicago time) on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions; and
- iii) in exceptional cases involving a customer's inability to communicate to the member firm

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exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. (Chicago time) on the last day of trading. (02/01/01)

A5808.01 Expiration of Option - Unexercised Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options shall expire at 10:00 a.m. (Chicago time) on the first Saturday following the last day of trading. (02/01/01)

A5809.01 Months Traded In - Trading in Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options may be scheduled in such months as determined by the Exchange. For options that are traded in months in which Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the October or November option contract is the December futures contract. (02/01/01)

A5810.01 Trading Hours - The hours of trading of options on Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such option shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract, subject to the provisions of the second paragraph of Rule 1007.00. Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (02/01/01)

A5811.01 Position Limits and Reportable Positions - (See Regulation 425.01) (02/01/01)

A5812.01 Margin Requirements - (See Regulation 431.05) (02/01/01)

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A5813.01 Last Day of Trading - No trades in Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures put and call options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract on the last Friday which precedes by at least two business days the last business day of the month preceding the option month. If such Friday is not a business day, or there is a Friday which is not a business day which precedes by one business day the last business day of the month preceding the option month, the last day of trading will be the business day prior to such Friday. (07/01/01)

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Appendix Summary

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  - B. Differentials
12. Soybean Meal
  - A. Regular Shippers
  - B. Differentials
13. Reserved
14. Reserved
- M14 A Approved Brands for mini-sized Silver
- M14 B Depositories and Weighmasters for mini-sized Silver
- M15 A Approved Brands for mini-sized Gold
- M15 B Depositories and Weighmasters for mini-sized Gold
16. Reserved
- \*17. Government National Mortgage Association (GNMA) Collateralized Depository Receipt (CDR)

- A. Approved Depositories
- B. Approved Originators

18-36. Reserved

37. Rough Rice

- A. Reserved
- B. Rough Rice Regular Warehouses
- C. Definitions
- D. Minimum Financial Requirements for Rough Rice Regularity

39-46. Reserved

\* Not reprinted in Rulebook. Copies are available from the Secretary's Office.



## APPENDIX 2

	VOTE	COMMITTEE APPOINTMENTS	CBOE TRADING PRIVILEGES	DISSOLUTION RIGHTS
FULL	Yes	Yes	Yes	Yes
AM	Yes (1/6)	Yes	No	1/6 of Full Members Share
COM	None	As Advisor	No	.005 of Full Members Share
GIM	None	As Advisor	No	.11 of Full Members Share
IDEM	None	As Advisor	No	.005 of Full Members Share
DELEGATES	None	Member of specified committees; Advisor on others	Only for Full Delegate	None

	TRADING PRIVILEGES	COMMUNICATION FROM EXCHANGE FLOOR
FULL	All CBOT (& CBOE) Contracts	Allowed in all contracts
AM	All Existing & Prospective Futures & Option Contracts in Government Instruments Mkt., Index, Debt & Energy Mkt., & Comm. Options Mkt.	Allowed only in contracts for which Trading Privileges are specified
COM	All Options Contracts listed on the Exchange	Allowed only in contracts for which Trading Privileges are specified
GIM	U.S. T-Bond, U.S. T-Note (6-10 yr.), (5 yr.), (2 yr.), Agency Note (Long-Term and Medium Term) & Interest Rate Swap futures	Allowed only in contracts for which Trading Privileges are specified
IDEM	30-Day Fed Funds, mini-sized Eurodollar, CBOT(R) DJIA(SM) Index, mini-sized DJIA(SM) Index, DJAIGCI(SM) Index, Muni Note Index, X-Fund, Silver & Gold futures	Allowed only in contracts for which Trading Privileges are specified
DELEGATES	Those contracts authorized for the specific Membership or Membership Interest.	In those contracts authorized for the Membership or Interest delegated

Appendix 2

CBOT(R) TRADING PRIVILEGE SUMMARY

(as of 01/01/03)

FULL MEMBERSHIP

- - All futures & options.

ASSOCIATE MEMBERSHIP

- - Treasury Bond, Long-Term Treasury Note, Medium-Term Treasury Note, Short Term Treasury Note, Long-Term Agency Note, Medium-Term Agency Note, 10-Year Interest Rate Swap, 5-Year Interest Rate Swap and CBOT(R) DJIA(SM) futures

and options;

- - 30-Day Fed Fund, Municipal Note Index, mini-sized Treasury Bond, mini-sized 10-Year Treasury Note, mini-sized Eurodollar, mini-sized N.Y. Gold, mini-sized N.Y. Silver, CBOT(R) DJ- AIG CI(SM), and mini-sized DJIA(SM) futures;

- - Corn, Oat, Rough Rice, Soybean, Soybean Meal, Soybean Oil and Wheat options.

GIM MEMBERSHIP INTEREST

- - Treasury Bond, mini-sized Treasury Bond, Long-Term Treasury Note, mini-sized 10-Year Treasury Note, Medium-Term Treasury Note, Short Term Treasury Note, Long-Term Agency Note, Medium-Term Agency Note, 10-Year Interest Rate Swap and 5-Year Interest Rate Swap futures.

IDEM MEMBERSHIP INTEREST

- - 30-Day Fed Fund, Municipal Note Index, mini-sized N.Y. Gold, mini-sized N.Y. Silver, X-Fund, CBOT(R) DJ-AIGCI(SM), CBOT(R) DJIA(SM), mini-sized Eurodollar and mini-sized DJIA(SM) futures.

COM MEMBERSHIP INTEREST

- - Treasury Bond, Long-Term Treasury Note, Medium-Term Treasury Note, Short Term Treasury Note, Long-Term Agency Note, Medium-Term Agency Note, 10-Year Interest Rate Swap, 5-Year Interest Rate Swap, CBOT(R) DJIA(SM), Corn, Oat, Rough Rice, Soybean, Soybean Meal, Soybean Oil and Wheat options.

APPENDIX 3A - GUIDELINES FOR GUESTS AND VISITORS WHILE ON THE EXCHANGE FLOOR OF THE CHICAGO BOARD OF TRADE

1. Bringing guests on the Exchange Floor is a privilege extended to all members who comply with the Rules pertaining thereto.
2. Guests shall be admitted to the Exchange Floor between 1/2 hour before the opening on each Floor and 1/2 hour after the close on each Floor.
3. No more than 50 guests shall be allowed on the Exchange Floor at any one time during trading hours.
4. A member may reserve a time for five guests, which reservation will be held no longer than ten minutes. Such reservation privileges will be denied if they are abused.
5. Guests must be accompanied by a member at all times. Both the guest and the host member will sign on to and off of the Floor. The guest will wear, on visible display, a guest badge. The member will be responsible for the guest's conduct on the Floor.
  6. A) A guest may remain on the Floor for a period of 30 minutes; if he has not signed out, he will be paged. It will be the member's responsibility to see that the guest leaves the Floor within five minutes of being paged and that the guest returns the badge to the Service Desk on the 4th Floor. Failure to return the guest badge immediately will subject the member to a minimum fine of twenty-five dollars.
    - B) At the end of the initial 30 minutes, a guest may ask to extend his visit for (a) subsequent period(s) of 30 minutes, although such extension(s) will not be granted if there are more than 50 guests on the Floor at any one time.
      - C) If necessary, an All Day Guest Pass may be obtained for a foreign visitor, firm executive, firm branch employee, customer or consultant (and other persons with the approval of the Floor Conduct Committee Chairman) by completing a short application form at the fourth floor Service Desk. Except for the 30-minute time limit, the same guidelines apply to All Day Guests, including the requirement that they be accompanied at all times by a member.
7. No privileges other than admittance to the Floor may be extended to a guest. A guest is specifically prohibited from performing any functions of an employee of a member or of a member firm. Entering a trading pit, using a telephone, using the market display equipment and blocking the area are also prohibited.
8. Guests of management for business purposes only shall be allowed in the Exchange Floor.
9. The President of the Exchange may issue special permits beyond the above limit (five individuals) when he deems it in the interest of the Exchange to do so. On a case-by-case basis, he may schedule admission to the Floor for small groups who have made appropriate arrangements.

(Tour Groups: can be no larger than 12, can visit between the hours of 10:30 a.m. and 12:15 p.m., must be escorted at all times, are limited to 15 minutes per tour, will be limited to no more than two groups on the Floor at any one time, and all such groups must be coordinated through the Communications Department.)
10. No other guests of staff members may be allowed on the Exchange Floor.
11. Members shall accompany guests in the Member's cafeteria.
12. No guests may be allowed on the Exchange Floor more than five times in one month.
13. No guest may be allowed on the Exchange Floor who is under twelve years of age.
14. Members who violate and/or allow their guest(s) to violate any of these guidelines may be denied visitor's privileges for a period of up to six months and/or fined appropriately.

APPENDIX 3B - INSTRUCTIONS FOR FLOOR CLERK ACCESS TO  
THE FLOOR OF THE BOARD OF TRADE OF THE CITY OF CHICAGO

Please be advised that access to the Floor of the Board of Trade of the City of Chicago (hereinafter referred to as the Exchange) is a right of membership. Associate Members and GIM, IDEM and COM Membership Interest Holders have floor access rights only with respect to specified contracts (See Rules 211.00, 291.00, 292.00 and 293.00). Any and all access by non-members is solely a privilege extended by the membership for the strictly limited purposes outlined below. Any violation of any of these instructions shall be just cause for the revocation of the privilege.

Functions and Responsibilities of Floor Clerks on the Exchange Floor:

A. Floor Clerks and Trainee-Floor Clerks may perform only the following duties and no others while on the Floor of the Exchange:

1. Receive messages (including trading cards and written orders) from their employers or members representing such employers;

2. Deliver said messages (including trading cards and written orders) and communicate orders to the pit from their position or communication instrument by use of hand signals or verbal communication;

3. Write broker's cards from endorsed orders, endorse orders from broker's cards and write the brokers' acronym on the broker's order, during trading hours on the Exchange Floor and for a reasonable period of time thereafter;

4. Operate order processing terminals;

5. Receive and write up orders from, and report order status to, their employers and their employers' duly registered Associated Persons, Introducing Brokers, proprietary traders and customers with respect to commodities traded on the Floor;

6. Communicate information of any nature directly to an individual Member, provided that the information communicated may only concern a contract which is within that individual Member's membership category;

7. Communicate information of any nature to a trader who is trading for the proprietary account of the clerk's member firm employer or for the proprietary account of a firm which has one of the following relationships to the clerk's member firm employer:

- 100% parent firm;
- Wholly owned subsidiary; or
- Affiliate through a common 100% parent firm;

8. Provide market information (not the clerk's own personal opinion) regarding activities on the Floor to any of the following:

- duly registered Associated Persons of the clerk's member firm employer;
- duly registered Introducing Brokers of the clerk's member firm employer; and
- established customers of the clerk's member firm employer;

For the purposes of this section 8., an "established customer" shall be defined as an individual or entity which has an open and active trading account with the clerk's member firm employer.

A clerk may initiate contact with any of the foregoing to provide market information provided that the clerk expresses no personal opinion regarding market direction or specific trades.

A clerk may relay the opinions of a member or of the clerk's member firm employer with the prior approval of such member or member firm employer to any of the following:

- duly registered Associated Persons of the clerk's member firm employer;
- duly registered Introducing Brokers of the clerk's member firm employer; and

- established customers of the clerk's member firm employer.

9. Initiate contact with a customer of the clerk's member firm employer to report the status of that customer's order;

Floor Clerks and Trainee-Floor Clerks may not, while on the Floor of the Exchange, perform any other duties except those explicitly prescribed above. The following Exchange Floor activities are permissible only for members and only with respect to the contracts in which they have membership privileges. The following activities are prohibited for Floor Clerks and Trainee Floor Clerks:

1. Soliciting customer business;
2. Trading for their own accounts or having any interest in a trading account, except as prescribed in Regulation 301.05;
3. Being an RCR or an Associated Person, a Commodity Pool Operator or a Commodity Trading Advisor under the Commodity Exchange Act.
4. Initiating orders or trades of any sort, including arbitrage;
5. Exercising discretion of any sort with respect to any order, including arbitrage;
6. Loitering by or in the trading pits;
7. Being compensated on a commission or per contract basis.

B. Trade Checkers (only) may perform only the following duty and no others -----  
while on the Floor of the Exchange.

1. Check and reconcile trades of, for, and on behalf of their member firm employers. Absent extraordinary circumstances, the Floor Governors Committee would expect such Trade Checkers to be off the Floor of the Exchange by 10:30 a.m.

This 10:30 a.m. limitation does not apply to floor clerks who are employed by individual members.

Trade Checkers may not, while on the Floor of the Exchange, perform any other -----  
duties except that explicitly prescribed above. The following is a list of the most common abuses of the Trade Checker privilege:

1. Loitering by or in the trading pits or congregating in unassigned areas;
2. Communicating in any manner with members or member firms;
3. Entering verbal orders with members or member firms;
4. Trading for their own accounts;
5. Being or acting in any other capacity, including chartist, with a member or member firm;
6. Being an RCR or Associated Person under the Commodity Exchange Act, as amended by the Commodity Futures Trading Commission Act of 1974.

C. Personnel

1. Emergency Personnel - See Floor Clerks and Trainee-Floor Clerks (Paragraph A above);
2. Summer Personnel - See Floor Clerks and Trainee-Floor Clerks (Paragraph A above);

D. Registered Commodity Representatives (RCRs) and Applicant Observers may -----  
perform only the following duty and no other while on the Floor of the Exchange:

1. Observe the various floor activities of the members and other privileged non-members who have been allowed access to the Floor. Such observation shall be limited to a period of two weeks (ten market days).

RCR Observers and Applicant Observers may not, while on the Floor of the Exchange, perform any other duties except that explicitly prescribed above. The following are the areas most prone to abuse and which the RCR Observer and Applicant Observer must be especially aware of:

1. Loitering by or in the Trading pits or congregating in unassigned areas;

2. Answering phones;
3. Placing verbal orders with members of member firms;
4. Writing orders;
5. Trading for their own accounts;
6. Being or acting in any other capacity, including chartist, with a member or member firm.

E. The Floor Conduct Committee has established a special broker assistant badge, in addition to a regular floor clerk badge, and has set up the following guidelines to be used in issuing this special badge.

A broker assistant badge will only be issued for the following purposes:

- a broker having a high volume of orders and who needs an assistant to hold and sort the orders;
- Consistent with these duties, a broker assistant also may communicate market information by means of hand signals and verbal communication.

A badge will not be issued if used for the following reasons:

- card counting - if a floor clerk is a card counter, he/she must quickly enter and take the cards and count them outside of the pit and;
- Information - a floor clerk who obtains information about other brokers or another commodity.

Please keep in mind that the abuses of the floor clerk badge will still be upheld for those issued a broker assistant badge, as follows:

1. Loitering by or in the trading pits or congregating in unassigned areas.
2. Not properly displaying their assigned floor badges.
3. Trading for their own accounts.
4. Being or acting in any other capacity, including chartist, with a member or member firm. A limited exception to this provision applies, only with respect to agricultural markets, as follows. Clearing firms may arrange with floor brokers to place clearing firm floor clerks in pits to perform broker assistant responsibilities for such floor brokers when conditions of high volume/high volatility occur. Such arrangements must be registered with the Exchange as prescribed by the Exchange. Under these arrangements, clearing firms will continue to be responsible for these clerks' supervision and compensation. When conditions of high volume/high volatility are not present, such clerks will return to their normal duties on behalf of their clearing firm employers.
5. Being an Associated Person under the Commodity Exchange Act, as amended by the Commodity Futures Trading Commission Act of 1974.

The committee advises members that the Board of Directors gave fining authority to the Floor Conduct Committee of up to \$500 for conduct violations of Floor Employees of Members. The fining authority begins December 21, 1981.

Your cooperation in this matter would be greatly appreciated.

F. The Exchange has established guidelines regarding the use of headsets in the Trading Pits:

1. Brokers' Assistants and Floor Clerks with headset privileges shall be subject to all applicable CBOT Rules and Regulations, including Rule 301.00; Regulations 301.01, 301.05 and 310.01; and this Appendix. In addition, members who either sponsor or employ an individual utilizing a headset are responsible for ensuring that the sponsored or employed individual complies with the Exchange's Headset Policy.

2. All members and member firms are eligible to receive authorization to utilize headsets. The authority to govern the administration of the use of headsets (including who has authorization and where an authorized individual may utilize the headset apparatus) rests with the Floor Committee. The Floor Committee should establish fair and equitable guidelines for

administering the use of headsets, and when administering its guidelines, the Floor Committee should consult with the relevant Pit Committee. The Floor Committee shall not arbitrarily deny any member or member firm the use of a headset.

3. Headsets may be worn by Brokers' Assistants, Floor Clerks, and Members who have been authorized by the Floor Committee. "Brokers' Assistants" and "Floor Clerks" as used in preceding sentence may include members and membership interest holders who do not have membership privileges in the contract for which the headset is being utilized.

4. A Broker's Assistant or Floor Clerk wearing a headset may communicate order information and fill information but may not communicate his or her personal opinion regarding activities in the trading pit including, but not limited to, interpretations of technical or fundamental market factors or perspective with respect to member trading sentiment or trading bias. Any other information may be communicated via a headset if the information has been conveyed to the headset operator directly by a member (providing that the member conveying the information has trading privileges in the relevant underlying market). In addition, Brokers' Assistants and Floor Clerks wearing headsets may communicate via a headset any market information that is clearly within the respective pit's "public domain". In other words, individuals who are wearing headsets may communicate any market information that has been "publicly" exposed to the respective trading pits. The member sponsor or member employer of the individual wearing the headset is responsible for the content and nature of any headset communications.

Only members on the floor may communicate with non-members located off the floor for the purposes of communicating or receiving market news and personal opinion regarding interpretations of technical or fundamental market factors or perspective with respect to a member's trading sentiment or trading bias. This level of communication is restricted to members with trading privileges in the respective contract who are located on the floor communicating with other members or non-members located either on or off of the trading floor.

5. Headsets may communicate between trading pits and from pit to Exchange floor booth spaces in any CBOT(R) trading room. This includes COM Membership Interest Holders communicating with a floor broker or the floor broker's broker assistant in a futures pit for the purposes of entering futures orders.

Direct communication via headsets located in or around the Exchange's trading pits to and from off-site locations is only allowed provided the individual assigned to a headset adheres to the following requirements when communicating with any individual off the Exchange floor:

- Headset communications shall be permissible between the DowSM pits and the floors of other exchanges which trade equity-related products.
- An individual member located outside a trading pit (e.g., at a floor booth or in an off-site office) may communicate via headset with a member or clerk in or around a trading pit provided that the individual member has trading privileges in the contract which is traded in the pit which the individual accesses.
- Members off the floor can enter orders via headsets for their customer, proprietary and personal accounts provided they have trading privileges in the respective contract.
- Members off the floor utilizing headsets for the purposes of entering customer orders directly into the pit must comply with Exchange audit trail regulations previously mandated by the CFTC which require that customer orders be: recorded on member firm floor order tickets; contain the account identification of the customer; contain an exchange designated time stamp upon receipt and upon confirmation of an execution. The Exchange provides a telephonic link between the booth and the pit to allow for a floor broker to communicate directly with a member who is located off the floor, while simultaneously allowing personnel at the member firm's booth to record the required audit trail information.

- Floor brokers who utilize headsets in conjunction with an electronic order routing/endorsement system are not required to maintain a booth to pit link provided that customer orders are entered electronically and the order entry system provides the requisite audit trail.
- Floor brokers receiving orders from another member not present on the Exchange Floor may record such trades on their trading cards in lieu of obtaining an order ticket. However, the executing member must record the order instructions, account designation, and execution time on the member's order.
- Only Members located on the floor may communicate with non-members located off the floor for the purpose of placing orders for the member's personal trading account or the member firm's proprietary account in CBOT contracts and non-CBOT markets.
- Members or members' broker assistants located on the floor may communicate with non-members located off of the trading floor to accept orders or instructions to change orders from the non-member for agricultural and financial futures and options contracts. The requisite audit trail requirements must be met utilizing the booth to pit link unless the FCM authorizes the executing floor broker to accept the non-member's order without the booth to pit link. Under such authorization of the FCM, the executing floor broker is responsible for meeting all audit trail requirements including: recording customer orders on member firm floor order tickets; recording the account identifier of the customer; and time stamping the customer order upon receipt and upon confirmation of an execution.

Member firms may also permit member or non-member employees (including APs) located off the floor to communicate orders for its proprietary or customer accounts directly to a floor broker or his broker assistant without requiring the booth to pit link upon the member firm's sole discretion. Under this provision, the floor broker would be responsible for capturing the required audit trail information.

6. Any and all headset communications must be voice recorded by the member or member firm authorized to use the headset(s). Members and member firms are permitted to utilize their own recording devices, providing that the devices meet reasonable standards with respect to quality and reliability, or members and member firms may utilize an Exchange administered voice recording system for a fee to be paid to the Exchange by the member or member firm utilizing the Exchange's system.

7. For reasons relating to the general safety and space concerns that arise out of the use of wired headsets, the Floor Committee is encouraged to facilitate, as the development of technology permits, a movement to a wireless headset only environment.

8. Authorization to use a headset does not entitle the authorized individual to a particular spot or site within a pit. In addition, Floor Clerks utilizing headsets may not loiter in the trading pits and must exit the trading pits when they are not conducting business. (06/01/01)



APPENDIX 3C - DRESS CODE

APPENDIX 3-C - DRESS CODE

Members and member firms must make every effort to ensure that their employees and guests conform to the Chicago Board of Trade's Dress Code, as hereafter defined. The Dress Code is designed to provide a safe and businesslike atmosphere on the trading floor for all members and employees; an individual may be refused access to the trading floor for violating the Dress Code. Members and Member firms are subject to fines and/or other disciplinary measures imposed by the Floor Conduct Committee for individual violations of the dress code and violations of the dress code by their employees.

The Chicago Board of Trade Dress Code requires "Business Dress Attire" to be worn at all times on the trading floor-not only during trading hours. "Business Dress Attire" is defined as conventional and businesslike attire which is neat, clean and presentable; does not pose a safety hazard or distraction to the wearer or others; and that which conforms to the following provisions:

- A) Jackets (Suit Coat, Blazer or a Trading Jacket as prescribed by the Association) must be worn on the trading floor by Members and employees at all times. No trading jackets from other Exchanges are allowed on the floor. Guests may not wear trading jackets on the Exchange floor during trading hours. The display of patches or buttons with crude or offensive slogans is prohibited.
- B) Badges, as prescribed by the Association, designating Member trading and access rights and non-member affiliation and access rights must be worn at all times. Badges must be worn in plain view, on the upper front of the jacket (not inside pockets or attached to lower pockets.) Badges from other Exchanges are prohibited. The wearing of out-dated, unauthorized or lapsed membership badges from the Exchange is prohibited. Badges must not be defaced, altered, or affixed with stickers or pictures not approved by the Association.
- C) Men must wear ties (bow ties or neckties) at all times on the trading floor, with the exception of days when there is an early close for any part of the Exchange. Ties must be in good condition, knotted in a conventional manner, and drawn up to at least the second button from the collar. Collared shirts that can be worn with a tie must be worn at all times on the trading floor and must be neat, presentable and businesslike. Shirts must be clean, neat, presentable, tucked in and buttoned up to at least the second button from the collar. Golf-type shirts are permitted. Turtleneck sweaters for men are not allowed. Crewneck sweaters worn over a collared shirt are permitted if a necktie is visible; a trading jacket must also be worn. Shirts with offensive, crude or distracting slogans or pictures are prohibited. Pants or slacks must be neat, presentable and businesslike. Work pants, athletic pants and blue jeans are prohibited.
- D) Women must wear pants, skirts or dresses that are neat, presentable, and businesslike. Skirts may be no shorter than two inches above the knee and must be significantly longer than the trading coat. Full, generously cut, businesslike split skirts may be worn. Shirts, blouses, sweaters or other tops must be neat, presentable, and businesslike. Shirts with offensive, crude or distracting slogans or pictures are prohibited. Work pants, athletic pants and blue jeans are prohibited. Attire should not expose the body in an inappropriate manner (e.g. bare midriffs, backs or thighs.)

- E) Shoes must be worn at all times. Shoes must neither be of a design nor worn in a manner which presents a safety hazard. Slippers and sandals with no backs are prohibited. Women may wear slingback or open-toe sandals that are businesslike. High platform shoes or high heeled shoes or boots with soles and/or heels greater than three inches are not permitted. Athletic shoes are permitted. Shoes must be in neat condition and must be tied or fastened at all times.
- F) Shirts: T-Shirts, sweatshirts, athletic jerseys, hooded shirts, flannel shirts, hospital scrubs and shirts bearing messages, advertisements, pictures or slogans are prohibited. Attire should not expose the body in a manner inappropriate for business (e.g. bare midriffs, chests, or backs.)
- G) Pants: The following are all prohibited: blue jeans, stone washed jeans, bib overalls, fatigues, tie dyes, shorts of any kind, tightly fitting stretch pants, spandex pants, bicycling pants, painter pants, sweat pants, athletic/exercise pants, pants with elastic at the ankles, tights worn in lieu of pants, pants with slogans, advertisements, or work loops, and any pants shorter than 2 inches above the ankle.
- H) Piercing & Jewelry: Jewelry may not be worn if it presents a safety hazard to the wearer or others.
- I) Miscellaneous: All headgear or head coverings are prohibited, except for religious reasons. Sunglasses are prohibited unless they have prescription lenses.

In Summary: All dirty, frayed, faded, torn, badly wrinkled, revealing or unbusinesslike clothing is prohibited. All clothing intended for athletic activity or appropriate for manual labor is prohibited. Attire, worn by members, employees or their guests, which exposes the body in a manner inappropriate for a business atmosphere is prohibited from the trading floor at all times.

While the foregoing is comprehensive and employers and security staff shall enforce the dress code as defined above, they are not limited to the specific examples given. 02/01/02

## Appendix 3D

## APPENDIX 3D - CHICAGO BOARD OF TRADE PIT OPENINGS AND CLOSINGS/ELECTRONIC TRADING HOURS

Commodity Code	Commodity	Symbol		Open	Close	Type	Room
		pit	a/c/e				
W	Wheat	W	ZW	9:30 am	1:15 pm	Regular	Main
W	Wheat Options (Puts) (Calls)	WZ WY	OZW	9:30 am	1:15 p.m.	Regular Regular	Main Main
C	Corn	C	ZC	9:30 am	1:15 pm	Regular	Main
C	Corn Options (Puts) (Calls)	PY CY	OZC	9:30 am	1:15 pm	Regular Regular	Main Main
O	Oats	O	ZO	9:30 am	1:15 pm	Call	Main
O	Oats Options (Puts) (Calls)	OV OO	OZO	9:30 am	1:15 pm	Call Call	Main Main
S	Soybeans	S	ZS	9:30 am	1:15 pm	Regular	Main
S	Soybean Options (Puts) (Calls)	PZ CZ	OZS	9:30 am	1:15 pm	Regular Regular	Main Main
2F	Agency Notes (10 Year)	DN	AN	7:20 am	2:00 pm	Regular	Financial
2F	Agency Notes (10 Year) Options (Puts) (Calls)	DNP DNC	OAN	7:20 am	2:00 pm	Regular Regular	Financial Financial
2G	Agency Notes (5 year)	DF	AF	7:20 am	2:00 pm	Regular	Financial
2GP 2GC	Agency Notes (5 Year) Options (Puts) (Calls)	DFP DFC	OAF	7:20 am	2:00 pm	Regular Regular	Financial
06	Soybean Meal	SM	ZM	9:30 am	1:15 pm	Call	Main
06	Soybean Meal Options (Puts) (Calls)	MZ MY	OZM	9:30 am	1:15 pm	Call Call	Main Main
07	Soybean Oil	BO	ZL	9:30 am	1:15 pm	Call	Main
07	Soybean Oil Options (Puts) (Calls)	OZ OY	OZL	9:30 am	1:15 pm	Call Call	Main Main
11	CBOT (R) DJIA (SM) Index	DJ	ZD	7:20 am	3:15 pm	Regular	Financial
11	CBOT (R) DJIA (SM) Index Options (Puts) (Calls)	DJP DJC	OZD	7:20 am	3:15 pm	Regular Regular	Financial Financial
14	Rough Rice Futures	RR	ZR	9:15 a.m.	1:30 p.m.	Regular	Main
14	Rough Rice Options (Puts) (Calls)	RRP RRC	OZR	9:15 a.m.	1:30 p.m.	Regular Regular	Main Main
**	X-Fund Futures	**		9:15 a.m.	1:15 p.m.	Regular	Financial

\*See Electronic Trading Schedule (a/c/e/ trading only).

\*\*X-Fund codes/ticker symbols established as applicable/per contract.

## Appendix 3D

Commodity Code	Commodity	Symbol	Open	Close	Type	Room
		pit a/c/e				
17	T-Bonds	US ZB	7:20 am	2:00 pm	Regular	Financial
17	T-Bonds Options (Puts) (Calls)	PG OZB CG	7:20 am	2:00 pm	Regular Regular	Financial Financial
21	T-Notes (6 1/2- 10 Year)	TY ZN	7:20 am	2:00 pm	Regular	Financial
21	Long Term T-Note Options (Puts) (Calls)	TP OZN TC	7:20 am	2:00 pm	Regular Regular	Financial Financial
25	T-Notes (5 Year)	FV ZF	7:20 am	2:00 pm	Regular	Financial
25	Medium Term T-Note Options (Puts) (Calls)	FP OZF FL	7:20 am	2:00 pm	Regular Regular	Financial Financial
26	T-Notes (2 Year)	TU ZT	7:20 am	2:00 pm	Regular	Financial
26	Short Term T-Note Options (Puts) (Calls)	TUP OZT TUC	7:20 am	2:00 pm	Regular Regular	Financial Financial
41	30-Day Fed Fund	FF ZQ	7:20 am	2:00 pm	Regular	Financial
42	10-Year Municipal Note Index	MB ZU	7:20 am	2:00 pm	Regular	Financial
AI	CBOT(R)DJ-AIGCI Index	AI	*	*	n/a	n/a
NG	5-Year Interest Rate Swap	NG SA	7:20 a.m.	2:00 p.m.	Regular	Financial
NI	10-Year Interest Rate Swap	NI SR	7:20 am	2:00 pm	Regular	Financial
YE	mini-sized Eurodollars (first 20 months)	YE	*	*	n/a	n/a
YE	mini-sized Eurodollars (deferred months)	YE2	*	*	n/a	n/a
YG	mini-sized N.Y. Gold	YG	*	*	n/a	n/a
YH	mini-sized T-Bonds	YH	*	*	n/a	n/a
YI	mini-sized N.Y Silver	YI	*	*	n/a	n/a
YM	mini-sized Dow(SM) (\$5 mult.)	YM	*	*	n/a	n/a
YN	mini-sized T-Notes (10 Yr.)	YN	*	*	n/a	n/a

\*See Electronic Trading Schedule (a/c/e trading only).

## SUPPLEMENTAL INFORMATION

- - See pertinent contract chapters re: last trading day closing times for expiring futures.
- - Wheat Options open by call.
- - DJIA(SM) Index, Corn, Soybean, Rough Rice and Wheat Options will close by call on the last day in an expiring series.

Appendix 3D

Electronic Trading Schedule

	trading session begins	trading session ends
<b>*Financials</b> (futures & options)		
Monday	8:00 p.m. Sunday	4:00 p.m. Monday
Tuesday	8:00 p.m. Monday	4:00 p.m. Tuesday
Wednesday	8:00 p.m. Tuesday	4:00 p.m. Wednesday
Thursday	8:00 p.m. Wednesday	4:00 p.m. Thursday
Friday	8:00 p.m. Thursday	4:00 p.m. Friday
<b>Grains &amp; Soybean Complex</b> (futures & options)		
Monday	8:30 p.m. Sunday	6:00 a.m. Monday
Tuesday	8:30 p.m. Monday	6:00 a.m. Tuesday
Wednesday	8:30 p.m. Tuesday	6:00 a.m. Wednesday
Thursday	8:30 p.m. Wednesday	6:00 a.m. Thursday
Friday	8:30 p.m. Thursday	6:00 a.m. Friday
<b>CBOT(R) DJIA (SM) Index</b> (futures & options)		
Monday	8:15 p.m. Sunday	7:00 a.m. Monday
Tuesday	8:15 p.m. Monday	7:00 a.m. Tuesday
Wednesday	8:15 p.m. Tuesday	7:00 a.m. Wednesday
Thursday	8:15 p.m. Wednesday	7:00 a.m. Thursday
Friday	8:15 p.m. Thursday	7:00 a.m. Friday
<b>CBOT(R) mini-sized Dow (SM) (\$5) Index (futures)</b>		
Monday	8:15 p.m. Sunday	4:00 p.m. Monday
Tuesday	8:15 p.m. Monday	4:00 p.m. Tuesday
Wednesday	8:15 p.m. Tuesday	4:00 p.m. Wednesday
Thursday	8:15 p.m. Wednesday	4:00 p.m. Thursday
Friday	8:15 p.m. Thursday	4:00 p.m. Friday
<b>mini-sized NY Silver &amp; Gold (futures)</b>		
Monday	8:15 p.m. Sunday	1:45 p.m. Monday
Tuesday	8:15 p.m. Monday	1:45 p.m. Tuesday
Wednesday	8:15 p.m. Tuesday	1:45 p.m. Wednesday
Thursday	8:15 p.m. Wednesday	1:45 p.m. Thursday
Friday	8:15 p.m. Thursday	1:45 p.m. Friday
<b>CBOT(R) DJ-AIGCI (SM) (futures)</b>		
Monday thru Friday	8:15 a.m.	1:30 p.m.

(01/01/03)

\* T-Bonds, T-Notes (2 Year, 5 Year and 6 1/2 - 10 Year), Agency Note (10 Year and 5 Year) and Interest Rate Swap (10 Year and 5 Year) Futures & Options; Municipal Note Index, 30-Day Fed Funds, mini-sized T-Bond, mini-sized 10 Yr. T-Note and mini-sized Eurodollar Futures

Appendix 3E

APPENDIX 3E - CONTRACT MONTH SYMBOLS

First Year Month Symbols

-----

January -	F	April -	J	July -	N	October -	V
February -	G	May -	K	August -	Q	November -	X
March -	H	June -	M	September -	U	December -	Z

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Second Year Month Symbols

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January -	A	April -	D	July -	L	October -	R
February -	B	May -	E	August -	O	November -	S
March -	C	June -	I	September -	P	December -	T

-----

Third Year Month Symbols

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Same as first year symbols with the year noted.

APPENDIX 3G - GUIDELINES - BADGE VALIDATION AND RETURN

1. In each of the following circumstances, the referenced individual's membership floor access badge must be returned to the Member Services and Member Firm Staff Services ("Member Services") Department as indicated if the transaction involves the individual's only membership or all of his/her memberships:
  - a. A membership seller within 30 days the effective date of the membership sale; (Membership sale proceeds will not be released to the seller unless the badge has been returned).
  - b. A membership transferor within 30 days after the transfer has occurred.
  - c. A membership delegator within 30 days after the effectiveness of the delegation agreement.
2. Each membership delegate must return the applicable delegate badge to the Member Services Department within 30 days after the delegation agreement's termination or expiration.
3. Upon the effective date of any Exchange suspension of membership privileges, the suspended individual must return his/her membership floor access badge to the Member Services Department within 30 days of the effective date of the suspension for the suspension's duration.
4. Upon the termination or expiration of any delegation agreement, the Exchange will delete the terminated delegate's identifying acronym from Exchange computer records after the delegate's 30-day grace period expires.
5. Only Exchange-issued badges will be permissible for floor access. Sewn-on badges will not be permissible.
6. No member, membership interest holder or delegate will be relieved of responsibility for returning the badge, even if lost, without specific approval of the Floor Conduct Committee.

All cases involving lost membership floor access badges should be referred to the Member Services Department which shall have the authority to issue a replacement badge. Member Services will issue a replacement badge only to individuals with valid membership floor access privileges and who are current in their dues. Any problems or unusual circumstances involving a lost membership floor access badge will be referred to the Floor Conduct Committee.

All cases involving lost floor clerk badges will be referred to the Co-Chairman or, in his absence, the Vice-Chairman of the Floor Conduct Committee. No floor clerk will be issued a replacement badge or be relieved of responsibility for returning the badge without specific approval of the Co-Chairman or, in his absence, the Vice Chairman of the Floor Conduct Committee.

7. Floor clerk badge applicants must present acceptable identification when filing their applications. Exchange staff will verify member's co-signatures on floor clerk badge applications and will process such applications in no less than 24 hours after receipt.

03/01/94

## PROCEDURES FOR RELIEF REQUESTS/FINANCIAL REQUIREMENTS

Procedures for Relief Requests Under CBOT Regulation 285.05 Financial  
-----  
Requirements and Related CFTC Regulations  
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A member FCM that has filed any relief request with the Exchange need not file such request with the CFTC. The Exchange will promptly advise the CFTC of the request and use its best efforts to provide the CFTC with all pertinent information available to the Exchange. "Relief request" means a request -

1. under CFTC Regulation 1.17(d) for exemption from the minimum debt/equity ratio;
2. under CFTC Regulation 1.17(e) to withdraw equity capital;
3. under CFTC Regulation 1.17(f) (2) (ii) for approval of consolidation;
4. under CFTC Regulation 1.17(f) (1) (v) (B) for approval of terms in a secured demand note relating to conditions for the making of a demand;
5. under CFTC Regulation 1.17(h) (2) (vii) to prepayment of subordinated borrowings;
6. under CFTC Regulation 1.17(h) (4) for approval of emergency subordination;
7. under CFTC Regulation 1.10(e) approval of a change in fiscal-year election; or
8. under CFTC Regulation 1.10(f) and Section 1.16(f) for a filing extension.

12/01/01



APPENDIX 4E - MINIMUM FINANCIAL REQUIREMENTS FOR AGRICULTURAL REGULARITY

The minimum financial requirements for firms which are regular to deliver agricultural products are:

1. Working Capital - (current assets less current liabilities) must be greater than or equal to \$2,000,000. Firms which do not have \$2,000,000 in Working Capital must deposit with the Exchange \$5,000 per contract which it is regular to deliver, up to a maximum of \$2,000,000, less SEC haircuts, as specified in SEC Rule 15c3-1(c)(2)(vi), (vii) and (viii) plus 3% in the event of liquidation;
2. New Worth - (Total assets less total liabilities) divided by the firm's allowable capacity (measured in contracts) must be greater than \$5,000; The net worth of a firm regular to deliver corn or soybeans must be greater than or equal to \$5,000,000. The operator of a shipping station issuing corn or soybean shipping certificates may only issue new shipping certificates when the total value of all outstanding shipping certificates and the new shipping certificates, at the time of issuance of the new shipping certificates, does not exceed 25% of net worth;
3. Each firm which is regular to deliver agricultural products is required to file a yearly certified financial statement within 90 days of the firm's year-end. Each such firm is also required to file within 45 days of the statement date an unaudited semi-annual financial statement. However, each operator of a shipping station issuing corn or soybean shipping certificates is required to file within 45 days of the statement dates unaudited quarterly financial statements for each of the three quarters which do not end on such firm's year-end. In addition, the Exchange may request additional financial information as it deems appropriate;
4. A Letter of Attestation must accompany all unaudited financial statements. The Letter of Attestation must be signed by the Chief Financial Officer or if there is none, a general partner, executive officer, or managerial employee who has the authority to sign financial statements on behalf of the firm and to attest to their correctness and completeness.
5. For the requirements for notification of capital reductions, see Regulation 285.03.
6. Any change in the organizational structure of a firm that is regular for delivery requires that the firm notify the Exchange prior to such change. Changes in organizational structure shall include, but not be limited to, a corporation, limited liability company, general partnership, limited partnership or sole proprietorship that changes to another form. Prior to any such change occurring, the firm is also required to notify the Exchange in writing of any name change.

11/01/01

Appendix 6A

APPENDIX 6A - FEE SCHEDULE: Member Claims

-----  
Amount of Claim  
-----

\$2,500 or less.....	\$150.00
More than \$2,500.....	\$250.00

-----  
Stenographic Fees\*  
-----

For attendance at a meeting:	
2-1/2 hour minimum.....	\$ 50.00
Per Hour.....	\$ 20.00
Per Half Hour.....	\$ 10.00
For transcript:	
Original per page.....	\$ 2.00/page
Carbon per page.....	\$ .90/page
Original per page (Daily copy).....	\$ 2.60/page
Carbon per page (Daily copy).....	\$ .90/page

-----  
\*Only for oral hearings.

Appendix 6B

APPENDIX 6B - FEE SCHEDULE: Customer and Non-Member Claims

-----  
Amount of Claim  
-----

\$2,500 or less.....	\$150.00
More than \$2,500.....	\$350.00

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Unassociated Arbitrators\*

\$50 per unassociated arbitrator per hearing\*\* for claims heard pursuant to Regulation 630.12 [\$2,500 or less] [minimum charge of \$150].

\$100 per unassociated arbitrator per hearing date\*\* for claims heard pursuant to Regulation 630.08 [more than \$2,500] [minimum charge of \$300].\*\*\*

-----  
Stenographic Fees\*  
-----

For attendance at a meeting:	
2-1/2 hour minimum.....	\$ 50.00
Per Hour.....	\$ 20.00
Per Half Hour.....	\$ 10.00
For transcript:	
Original per page.....	\$ 2.00/page
Carbon per page.....	\$ .90/page
Original per page (Daily copy).....	\$ 2.60/page
Carbon per page (Daily copy).....	\$ .90/page

-----

\* Optional

\*\* Hearings are normally scheduled for 2:15 p.m. and seldom last more than 2-1/2 hours. If a hearing lasts in excess of 2-1/2 hours, requires an additional hearing date, or is continued on less than 24 hours' notice to the Administrator, fees will be charged for an additional hearing date.

\*\*\* These direct incremental costs attendant upon the provision of unassociated arbitrators will be paid by the member in cases involving customer claims regardless of the outcome of the arbitration unless the arbitrators decide that the customer has acted in bad faith in initiating, or participating in, the arbitration proceeding. Such incremental costs shall be allocated between the parties in the arbitrators' discretion in cases involving non-member claims.

1 Definitions

1.1 Network

The Network (the "Network") includes the entirety of all hardware elements combined in each network node as well as all necessary components for the connection of the network nodes (transmission lines for telecommunications, etc.) which form the technical basis for the implementation of trading on e-cbot, Eurex Deutschland and Eurex Zurich (the "Alliance Exchanges"). The Network is constructed in a radial form and contains, as network nodes in particular, the central host node of e-cbot, the central host node of the Eurex Deutschland and Eurex Zurich ("the Eurex Exchanges"), and the access points and all components of Participant Front End Installations.

1.2 Electronic Data Processing System

The Electronic Data Processing System (the "EDP System") includes both the Network and the operation-ready installed application of one or more of the Alliance Exchanges.

1.3 Participant Front End Installation

A Participant Front End Installation consists of one or more computers which enable trading on e-cbot (a Participant Front End System according to subsection 1.4 or a Multi-Member- Front End System according to subsection 1.5) and Network components by which the connection to the Network is made. In addition, the Participant Front End Installation shall include all necessary components for the maintenance of such Exchange Participant's internal network connections (e.g., Gateways, Routers, etc.), provided that they are located in a network area reserved for the Exchange (the 'Logical Network'). Additional hardware elements are not components of the Participant Front End Installation, although they may be connected thereto, to the extent that they satisfy the interfacing demands established by the Exchange and - if required- have been registered at the Exchange.

1.4 Participant Front End System

A Participant Front End System consists of at least one Exchange Participant's computer integrated into the Network, and is equipped with sufficient capacity and data security options in order to secure the technical basis on the part of the Exchange Participant for participation on e-cbot. A Participant Front End System is a component of the Participant Front End Installation (subsection 1.3) and as such is part of the Network.

#### 1.5 Multi-Member-Integrated System Server

- (a) Two or more Exchange Participants may access e-cbot by means of a common Front End System (Multi-Member-Front End System), which is a component of the Front End Installation (subsection 1.3). In such cases, the Exchange Participants should notify the Exchange to adjust the capacity of the telecommunications connection accordingly. A Multi-Member Front End System should be installed as a 2-LAN configuration and connected as a MISS group with two servers.
- (b) CBOT Direct - e-cbot may maintain a MISS group as part of a Front End Installation through which one or more Exchange Participants may access e-cbot with the approval of their primary clearing member.

#### 1.6 Logical Network

The Logical Network includes, in addition to the Network, all components at the Exchange Participant's site which are connected for technical reasons to the Network. Such components must be located in a network area reserved for the Exchange.

#### 1.7 Data Transmission Equipment

Telecommunication within the Network occurs by means of Data Transmission Equipment, consisting of access points, routers and data transmission lines. A Participant Front End System or a Multi-Member Front End System shall always be connected by at least two data transmission lines to an access point.

#### 1.8 Network Parameters

Network Parameters are values, dependent on the network software and its underlying operating system software, which control the communication between computers within a network. Network Parameters are installed with standard settings prescribed by the Exchange upon the initial installation of the software relating to network functions.

#### 1.9 Auto-Quote Machines

Auto-Quote Machines are automatic quotation systems for options and futures. On the basis of pricing information and additional parameters determined by the Exchange Participant, quotes are automatically generated by an Auto-Quote Machine and transmitted into the EDP System.

#### 1.10 Electronic Eyes

Electronic Eyes are computer programs which continuously receive market prices of Exchange products from the EDP System and evaluate such market prices. As soon as the price of an order or quote which is received by the Electronic Eye lies within the range previously set by the Exchange Participant, the Electronic Eye automatically generates an order which is then transmitted through the programmable interfaces made available via the Participant Front End System to the EDP System for execution.

### 1.11 Third Party Software

Third party software is software which is not provided by or on behalf of e-cbot and which is connected by an Exchange Participant to the programmable interface of the EDP System.

### 1.12 Location

Subject to Regulation 9X.06, Location within the meaning of this provision means the entirety of all business premises occupied by an Exchange Participant within a building in which Participant Front End Installations have been installed for the purpose of active options and futures trading. Business premises in which Participant Front End Installations are only employed in emergencies or for the purpose of engaging in technical simulated tests are not deemed to constitute a Location within the meaning of this provision.

## 2 Connection to the EDP System

### 2.1 Requirements

Upon admission to participate in options and futures trading, the Exchange Participant is connected to the EDP System. This connection is subject to the Exchange Participant's compliance with Exchange Rules, including these Implementation Regulations. By the establishment of such connection, the EDP System shall not be compromised on the basis of Location or any other technical grounds. Each Exchange Participant undertakes to ensure that it is entitled to connect each of its Participant Front End Installations to the EDP System and to execute trading on e-cbot, according to the national laws and regulations effective in the country of each respective Location.

### 2.2 Installation of Participant Front End Installations

Each of an Exchange Participant's Front End Installations, if not employed in emergencies or for the purpose of participating in technical simulated tests (subsection 1.12) must be installed at a Location of the Exchange Participant and should be configured redundantly.

Upon receipt of prior notification from an Exchange Participant or from an applicant for Exchange admission, the Exchange may permit the installation and the operation of a Participant Front End Installation at the business premises of a third party engaged by the Exchange Participant or applicant for Exchange admission to operate such Participant Front End Installation, if the application of and compliance with the provisions of the rules and regulations of the Exchange and supplemental conditions thereto are ensured, in particular in respect of such third party. By means of appropriate agreements concluded with the third party, the Exchange Participant or applicant for Exchange admission shall secure the granting to the Exchange by the third party of the right to inspect the business premises of such third party at all times for the purpose of determining compliance with the requirements for the installation and operation of a Participant Front End Installation.

### 2.3 Installation of Several Participant Front End Systems

An Exchange Participant may apply for the connection of several Participant Front End Systems. The Exchange may limit the number of Participant Front End Systems applied for by an Exchange Participant for cause, including reasons relating to system performance.

### 2.4 Connection of Quote Machines/Electronic Eyes

Upon special application by an Exchange Participant, the Exchange may permit the connection of Auto-Quote Machines and/or Electronic Eyes to the EDP System through the programmable interfaces made available via the Participant Front End System, provided that the Exchange Participant continuously ensures that the Auto-Quote Machines and/or Electronic Eyes

- .. are installed at the Locations of the Exchange Participant and
- .. are given parameters which correspond to at least one member for the Exchange Participant and
- .. are controlled by at least one such person during trading hours.

## 3 Technical Requirements

The technical requirements set forth herein are binding on all Exchange Participants; divergence from such regulations shall require the written consent of the Exchange. The Exchange may at any time examine the configurations and Network Parameters of an Exchange Participant and require the modification of divergent values. In modifying such values, the Exchange Participant is required to effect such technical modifications to its Participant Front End Installation as are required by the Exchange within any timeframe imposed by the Exchange. Upon request from the Exchange, the Exchange Participant is obligated to grant the Exchange access to the technical infrastructure employed by it for establishing a connection with the EDP System to facilitate the carrying out of technical inspections. Such access and/or any right of inspection is subject to applicable local law. If modifications are not completed within the time frame imposed by the Exchange, the Exchange may restrict or bar the Exchange Participant's access to the EDP System.

## 4 Hardware

### 4.1 Requirements

EDP equipment which ensures the orderly execution of trading over the EDP System must be made available by Exchange Participants.

#### 4.2 Permitted Trading Platforms

The Alliance Exchanges shall specify permitted trading platforms for installation on the Participant Front End Installation connected to the EDP System.

#### 4.3 Approved Hardware Configurations

All hardware configurations planned by an Exchange Participant must be approved by the Exchange - by submitting the configuration questionnaire supplied by or on behalf of the Exchange and filled in by the Exchange Participant- prior to their installation; the same shall apply to modifications.

#### 4.4 Responsibility for Operation

The operation of the Participant Front End Installation (including integrated Routers) is the sole responsibility of the Exchange Participant. Each Exchange Participant shall guarantee that it will operate its Participant Front End Installation in an orderly manner, and that, by such operation, the operation and functionality of trading and clearing on the Alliance Exchanges shall not be compromised.

### 5 Software

#### 5.1 Exchange Software

The Exchange shall make available to the Exchange Participants the application software without source code. Subject to the rules and regulations of the Exchange, including these Implementation Regulations, an Exchange Participant is hereby granted a non-exclusive, non-transferable, revocable license to use the current version of the application software as made available by the Exchange solely for trading on e-cbot at an approved Location and may neither alter nor copy such software without the consent of the Exchange. The foregoing shall not apply to the production of copies of the application software if such copies are produced solely for data storage purposes. Each Exchange Participant is responsible for the installation of the application software on the components of his Participant Front-End installation.

#### 5.2 Participant's Operating System Software

The Exchange shall specify each version of the operating system software valid at the time, including all necessary components, used for operation of the current version of the application software on the Participant Front End Installation.

#### 5.3 Registration of Third Party Software

If an Exchange Participant intends to connect Third Party Software to the programmable interface of the EDP System, the Exchange Participant shall assign an electronic identifier to such Third Party Software before connecting it to the programmable interface, observing the Exchange's instructions as to the



systematic composition of such identifier, and shall have the Third Party Software registered at the Exchange.

Each Exchange Participant shall ensure that the identifier assigned to Third Party Software used by it will be sent together with each transmission to the EDP System, when the registered Third Party Software communicates with the EDP System via the programmable interface. In case the EDP System is impaired by the Third Party Software connected to the programmable interface, the Exchange may prohibit the connection of such software with immediate effect.

#### 5.4 Responsibility for the Use of Third Party Software

The application software made available by the Exchange includes interfaces for front and back office systems. The Exchange Participant itself is responsible for the software which uses these interfaces.

### 6 Extent of Use of Data Transmission Equipment

An Exchange Participant may use the Data Transmission Equipment which serves trading on e-cbot solely for trading on e-cbot unless otherwise approved in writing by the Exchange. However, the Exchange reserves the right to use the Data Transmission Equipment also for trading and clearing on other institutions.

### 7 Transmission Lines for Telecommunication

#### 7.1 Control of Transmission Lines

The Exchange shall control the lines for the entire physical network/Network. Installation and operation of the transmission lines for telecommunications which are necessary for the connection between the Participant Front End Installation and the Exchange shall be carried out by the Exchange or may be contracted out by the Exchange.

#### 7.2 Range of Transmission Lines

e-cbot shall make available a connection to the Location of the Exchange Participant, provided that the transmission paths and types of connection supported by e-cbot are available for such Exchange Participant and, under normal conditions and adequate expense, able to be established and operated while meeting the security and quality standards set forth by e-cbot.

#### 7.3 Connection to Network

A Participant Front End Installation may only be connected to the access point designated by the Exchange, and such connection must be by means of at least two transmission lines.

#### 7.4 Security Against Failure

In order to increase security against failure, Participant Front End Installations may be connected to the Network by means of more than two lines.

#### 7.5 Number of Transmission Lines

Notwithstanding these regulations, the Exchange can set a minimum and maximum number of the transmission lines necessary for an Exchange Participant to connect its Participant Front End Installation to the EDP System, to the extent that such action is necessary for reasons relating to system performance or for other serious reasons.

### 8 Network Parameters

#### 8.1 Specification of Network Parameters

To ensure the security of the Network and to protect the Participant Front End Installations, each Exchange Participant shall comply with the following Network Parameters.

- .. An Exchange Participant's computers which are not components of the Participant Front End Installation may only access the Participant Front End Systems of such Exchange Participant and may not access other computers in the Network;
- .. Only the computers of the Participant Front End Installation may access or be accessed from the Network;
- .. Unauthorized access by a Participant Front End Installation to the computers of the Alliance Exchanges is prohibited,
- .. Communication between Exchange Participants by means of the Network is prohibited.

#### 8.3 Compliance With Network Parameters

Upon installation of the Participant Front End Installation and Network components, the Exchange Participant shall establish and maintain the Network Parameters selected by the Exchange.

#### 8.4 Reservation of Network Areas

The Exchange reserves network areas for its Logical Network. The network areas selected by the Exchange can only be used for participation on the Exchange. Within its own network, each Exchange Participant may use any network areas that are not reserved for the Exchange.

## 8.5 Node Numbers/Node Names

The Exchange shall assign node numbers and node names for the entire Logical Network. Within the Network, only the nodes authorized by the Exchange by assignment of node numbers may communicate with the EDP System.

Consequently, no computer that has not received a corresponding node number from the Exchange may be connected by the Exchange Participants in the network areas reserved by the Exchange. The transfer of the assigned node number and the related node name to a computer with a function other than that as applied for is prohibited.

## 9 Emergency Plan

### 9.1 Responsibility

Each Exchange Participant is responsible for taking appropriate measures for emergency planning and management.

### 9.2 Emergency Computer Center

An Exchange Participant may establish an inactive emergency computer center (computer failure center) and, if necessary, may connect this center with an inactive line to an access point. The costs incurred by the Exchange shall in such case be paid by the Exchange Participant.

### 9.3 Connection Between Two Locations

If an Exchange Participant operates at two or more Locations, he may supply any two Locations with a connection in order to ensure breakdown protection in the event of a disruption of the connection between one Location and an access point.

## 10 Personnel

Each Exchange Participant is obligated to maintain a sufficient number of qualified personnel at all times during trading hours and to guarantee their availability by telephone in order to ensure the orderly operation of the components of the EDP System which are in the control of the Exchange Participant, particularly in order to take the necessary measures at the instruction of the Exchange in the event of a technical disruption. In addition, each Exchange Participant shall provide the Exchange with the name and telephone number of a person to be contacted in the event of a technical disruption.

## 11 Costs

### 11.1 Hardware and Software

The costs for the purchase, installation and maintenance of all hardware and software used by an Exchange Participant shall be borne by the Exchange Participant, and shall not be borne by the Exchange, provided that the application software referred to in subsection 5.1 shall be made available by the Exchange without additional cost.

### 11.2 Telecommunications Networks

The one-time and the continuing costs for establishing and operating the Network, including the expenses for telecommunications transmission lines, will be levied on Exchange Participants in the form of a fee established by the Exchange.

## 12 Technical Problems

### 12.1 Measures

During technical disruptions, the Board may suspend or restrict access to the EDP System for one, several or all Exchange Participants, regardless of whether such problems appear at one or more of the Alliance Exchanges or at one, several or all Exchange Participants. The Exchange may resume trading or re-commence after an interruption, even if one or several Exchange Participants still do not have access to the EDP System for e-cbot if in the opinion of the Board of Directors an orderly market continues to exist or is once again possible.

### 12.2 Information to Exchange Participants / Exchange Participants' Obligation to Cooperate

Exchange Participants are obligated to inform themselves about technical requirements and changes by means of the media made available by the Exchange. The Exchange shall, to the extent possible, inform the Exchange Participants without undue delay of any technical problems. In case of technical problems of the EDP System, Exchange Participants are obligated to grant the Exchange or its representatives access to their Locations in which Participant Front End Systems are installed for problem resolution.

### 12.3 Suspension of Options and Futures Trading

In the event of the suspension of trading on the basis of technical problems, the Exchange shall place the EDP System on 'halt status', so that no more inputs can be effected by Exchange Participants.

The resumption of trading after a trading suspension pursuant to the foregoing regulation shall begin with a new Pre-Trading Period pursuant to Regulation 9x.09. Subsequently, trading will proceed consistently with Exchange Rules and Regulations.

The Exchange shall inform Exchange Participants without delay of the reduced time of the trading period.

Appendix 10A

APPENDIX 10A - ELEVATORS IN THE CHICAGO AND BURNS HARBOR SWITCHING DISTRICTS  
(WHEAT & OATS)

Following is a listing of the elevators in the Chicago and Burns Harbor  
Switching Districts approved as regular for the delivery of Wheat and Oats  
through June 30, 2004:

WAREHOUSE	LOCATION	CAPACITY IN BUSHELS
Cargill, Inc.	Cargill Burns Harbor Portage, IN	5,473,000
Chicago & Illinois	Chicago	9,156,000
River Marketing LLC		

Note: All elevators are Federally licensed.

07/01/02

Appendix 10B

APPENDIX 10B - ELEVATORS IN THE ST. LOUIS AND EAST ST. LOUIS SWITCHING DISTRICTS  
(WHEAT)

Following is a listing of the elevators in the St. Louis, East St. Louis and Alton Switching districts approved as regular for the delivery of Wheat through June 30, 2004:

WAREHOUSE	LOCATION		CAPACITY IN BUSHELS
Archer-Daniels-Midland Co.	St. Louis St. Louis, MO	Elevator	2,154,000
Cargill Inc.	East St. Louis, IL	Elevator	2,481,000

Note: All Elevators listed are Federally licensed.

07/01/02

Appendix 10C

APPENDIX 10C - ELEVATORS IN THE MINNEAPOLIS AND ST. PAUL SWITCHING DISTRICTS  
(OATS)

Following is a listing of the elevators in the Minneapolis and St. Paul, MN Switching Districts which are approved as regular for the delivery of Oats through June 30, 2004:

WAREHOUSE	LOCATION		CAPACITY IN BUSHELS
Bunge North America, Inc.	Midway Minneapolis, MN	Elevator	2,643,000
	Port Bunge Savage, MN	Elevator	9,275,000
Cargill, Inc.	Port Elevator Savage, MN	Cargill "C"	13,762,000
Cenex Harvest States Co-Operatives	HSC Savage Savage, MN	Elevator	641,000
	Elevator #2 St. Paul, MN		1,400,000
	St. Paul St. Paul, MN	Elevator "M"	1,331,000
ConAgra, Inc.	Calumet Minneapolis, MN	Elevator	1,323,000
	Electric Steel Minneapolis, MN	Elevator	4,579,000
	Malt-One Minneapolis, MN	Elevator	2,348,000
	Marquette Minneapolis, MN	Elevator	3,830,000
	Shakopee Shakopee, MN	Elevator	1,122,000
General Mills Operations, Inc.	Delmar #4/Washburn Minneapolis, MN	C	9,636,000
	Washburn Checkerboard Minneapolis, MN	Elevator Elevator B	2,400,000
	Washburn Minneapolis, MN	D-Elevator T	4,047,000
	Fridley Fridley, MN	Elevator	4,955,000
	Washburn E. S00 Washburn, MN	Elevator	3,553,000

NOTE: ALL ELEVATORS ARE FEDERALLY LICENSED.

07/01/02

APPENDIX 10D

APPENDIX 10D - ELEVATORS IN THE TOLEDO, OHIO SWITCHING DISTRICT (WHEAT)

Following is a listing of the elevators in the Toledo, Ohio Switching District which are approved as regular for the delivery of Wheat through June 30, 2004:

WAREHOUSE	LOCATION	CAPACITY IN BUSHELS
The Andersons Agricultural Group L.P.	Andersons-Illinois Elevator Maumee, Ohio	20,559,000
	Reynolds Road Elevator Toledo, Ohio	983,000
	River Elevator Toledo, Ohio	7,232,000
	Conant Street Elevator Maumee, Ohio	6,316,000
	Edwin Drive Elevator Toledo, Ohio	6,732,000
Archer-Daniels-Midland Co. d/b/a ADM Grain Company	Toledo Elevator Toledo, Ohio	9,795,000
	Ottawa Lake Elevator Ottawa Lake, MI	7,680,000

NOTE: ALL ELEVATORS ARE FEDERALLY LICENSED.

07/01/02



Appendix 10F

APPENDIX 10F - RECIPROCAL AND INTERMEDIATE SWITCHING CHARGES

REFERENCE GUIDE ONLY - EFFECTIVE MAY 1, 1997

THE FOLLOWING RECIPROCAL AND INTERMEDIATE SWITCHING CHARGES APPLY AT ELEVATORS REGULAR FOR DELIVERY WITHIN THE CHICAGO, IL AND BURNS HARBOR, IN SWITCHING DISTRICTS. RATES ARE IN DOLLARS PER CAR UNLESS OTHERWISE INDICATED.

ELEVATOR: -----	RESULT AND/OR INTERMEDIATE RECIPROCAL CARRIER: -----	CARRIER AND END RESULT: -----
CARGILL	CR OR IHB LINE HAUL	DIRECT CONNECTION WITH ALL OTHER CARRIERS.
BURNS HARBOR, IN	RATE	OTHER CARRIERS.
-----		
CHICAGO & ILLINOIS MARKETING, L.L.C. 117/TH/ & TORRENCE CHICAGO, IL	RIVER IHB - \$242.00 PER CAR  \$166.00 PER CAR (25-CAR) \$ 95.00 PER CAR (50-CAR) (PRIVATE CARS, CR, NS)	
DIRECT CONECTION WITH ALL OTHER CARRIERS	IHB \$261.00 PER CAR \$184.00 PER CAR (25-CAR) \$110.00 PER CAR (50-CAR) (ALL OTHER CARRIERS)	
	CRL - \$187.00 PER CAR	
-----		

THIS APPENDIX IS ONLY A REFERENCE GUIDE AND SHOULD NOT BE CONSTRUED AS A TRADING RECOMMENDATION OF THE CHICAGO BOARD OF TRADE. DUE TO THE RAPID CHANGES IN FREIGHT TARIFFS, WE DO NOT GUARANTEE THIS APPENDIX AS TO ACCURACY OR COMPLETENESS. FOR CURRENT INFORMATION ON SWITCHING CHARGES CONTACT THE RESPECTIVE RAIL CARRIER DIRECTLY.

01/01/00

APPENDIX 10G - GRAIN LOAD-OUT PROCEDURES

The following is a general outline of procedures for the load-out of grain covered by Chicago Board of Trade ("CBOT") registered warehouse receipts/shipping certificates. The procedures are based upon a combination of CBOT Rules and Regulations and trade practice. Where applicable, CBOT Rules and Regulations are cited.

1. Cancellation of the Warehouse Receipt/Shipping Certificate at CBOT Registrar's Office.
  - a. To initiate the load-out process, the receipt/certificate holder, or owner, requests his clearing firm to cancel the warehouse receipt/shipping certificate at the CBOT Registrar's Office or requests load-out using the electronic form provided by the Clearing House's online system.
  - b. The Registrar bills the owner's clearing firm a cancellation fee per receipt/certificate. (Internal policy of CBOT Registrar's Office.)
  - c. The holder of the shipping certificate will notify the shipper of load-out instructions. Notification will be by telephone, telex or telefax.
2. Surrender of the Cancelled Warehouse Receipt/Shipping Certificate.
  - a. The next step is for the owner to surrender the cancelled receipt/certificate to the regular warehouseman/shipper or his representative agent in Chicago. The agent must be a registered clearing member of the CBOT, be located in the vicinity of the CBOT and be available during business hours (except Exchange holidays). Business hours are 8:00 a.m. - 4:30 p.m., Monday - Thursday and 8:00 a.m. - 3:00 p.m. on Friday.
  - b. At this time, the warehouseman/shipper, at his option, may require the owner to pay storage/premium and insurance charges that have accumulated up to and including the date of surrender. (See items 6(a) and (b) below.) The warehouseman's/shipper's agent shall accept these payments during business hours.
  - c. At this time, the warehouseman, at his option, may also require the owner to pay the warehouseman or his agent a load-out fee of up to 6 cents per bushel. A fobbing charge of 4 cents per bushel was already paid at the time of delivery of corn and soybean shipping certificates. (The maximum load-out/fobbing fee, subject to change, is 6 cents per bushel for receipts and 4 cents per bushel for certificates. CBOT Regulation 1081.01(11).)
  - d. If the owner decides against loading out grain, he may notify the warehouseman's/shipper's agent that warehouse receipts/shipping certificates are to be re-issued. The warehouseman's/shipper agent, if requested by the owner, shall obtain the receipts/certificates from the warehouseman/shipper, and if agent is notified by 12:00 noon, re-issued receipts shall be deliverable by 4:00 p.m. the following business day. (Any reimbursement of expenses for making the grain available for loading must be mutually accepted by the maker and taker. Notification of agents is notification of principal. All fees are a matter between agent and principal.)
3. Arrangement of Transportation Conveyance.
  - a. Next, the owner arranges for proper conveyance of the grain to be loaded out with a carrier; the conveyance may be rail cars, barge, or vessel, and must be clean and ready-to-load.
  - b. The owner provides the warehouseman/shipper with written loading orders that identify the vessel, barge, or number of rail cars that will take delivery of the grain, and that specify the grade and estimated number of bushels to be loaded.
  - c. An owner requesting vessel load-out, having surrendered canceled receipts/certificates and tendered written loading orders to the warehouseman/shipper, is entitled to the warehouse's/shipper's current scheduled load-in and load-out lineups, provided the owner gives to the warehouseman/shipper the identity of the vessel and the estimated-time-of-arrival no more than 5 calendar days prior to constructive placement of the vessel.

In addition, an owner is entitled to receive updated information, upon request, on the elevator's/shipping station's scheduled load-in and load-out lineups.

- d. The carrier or its agent notifies the warehouseman/shipper of the "constructive placement" of the conveyance. The term "constructive placement" is defined in CBOT Regulations 1081.01(12)A. (1), (2) and (3). Only the warehouseman/shipper can order the conveyance to the elevator/shipping station for actual placement for loading.
- e. The warehouseman/shipper is not responsible for the failure of the carrier to present clean, ready-to-load conveyance to the warehouseman/shipper. (CBOT Regulation 1081.01(12) B.)

4. Request for Grain Inspection or Stevedoring Service.

- a. The owner may, at his option and expense, request the warehouseman/shipper to arrange inspection and weighing service provided by the Federal Grain Inspection Service ("FGIS").
- b. In case of water load-out (barge or vessel), the owner should request the warehouseman/shipper to arrange stevedoring service. In this regard, the owner may designate to the warehouseman/shipper the stevedoring service he would like to use. The owner is responsible for charges incurred for stevedoring service.
- c. The warehouseman/shipper does not control the availability of the FGIS and the stevedoring services.

5. Actual Load-Out.

- a. The warehouseman/shipper must load-out all conveyances in the order of their constructive placement. An operator of a regular facility in Chicago, Burns Harbor, along the Illinois Waterway, and St. Louis has the obligation of loading grain represented by warehouse receipts or shipping certificates giving preference to takers of delivery. (CBOT Regulation 1081.01(12) A.)
- b. The warehouseman/shipper informs the owner of the time of loading completion and the release time of the conveyance to the carrier.
- c. The warehouseman/shipper must advise the owner of any load-out difficulties. Inclement weather may delay loading.
- d. The owner should be familiar with the tariff of the warehouse/shipping station where the load-out is to occur.

6. Final Settlement of All Charges By Invoice

- a. The owner pays the warehouseman/shipper storage/premium charges that have accumulated up to and including the 10th business day after constructive placement of the conveyance or the date of loading completion, whichever is earlier. (CBOT Regulation 1081.01(12).) If the owner paid storage/premium charges when he surrendered the cancelled warehouse receipt/shipping certificate (see item 2(b) above) he now pays storage/premium charges that have accumulated since that time as invoiced.
- b. The owner pays the warehouseman for the FGIS service and the stevedoring company for stevedoring service as invoiced.
- c. With some exceptions for Burns Harbor delivery, the owner pays all transportation costs, including switching charges and demurrage, if any, to the appropriate transportation company.

\*/ The outline provided above is intended to serve only as a general guide to grain load-out procedures; certain of the discussed obligations of the warehouseman and owners may not apply in a particular situation or may be open to negotiation between the parties. Care has been taken in the preparation of this outline, but there is no warranty or representation expressed or implied by the Chicago Board of Trade or its member firms as to the accuracy or completeness of the material herein. In particular, CBOT rules and regulations may be revised from time accordingly, current rules and regulations, if applicable, should be consulted when there is a question about load-out. Please be advised that the U.S. Warehouse Act, as amended, a state law may also apply to, or govern, a particular situation. If you have legal questions concerning load-out, we recommend that you consult your legal counsel. (10/01/01)

Appendix 10C A

APPENDIX 10C A - CORN AND SOYBEAN SHIPPING STATIONS

Following is a listing of the shipping stations approved as regular for the delivery of Corn and Soybeans for the period through June 30, 2004:

BOTCC Code	Firm	Location	Mile Marker	Approved Capacity (bu)	Daily Loading Rate (bu/day)	Max. Certs	Location Differential (cents/bu)
1750	Cargill, Inc.	Burns Harbor, IN	340	5,473,000	165,000	1,094	par
1705	Chicago & Illinois River Marketing, LLC	Chicago, IL	329.4R	9,156,000	165,000	1,831	par
1715	Louis Dreyfus	Lockport, IL	292.8R	204,000	55,000	220	2
1758	Cargill, Inc.	Morris, IL	263.3R	124,000	110,000	440	2
1752	Louis Dreyfus	Morris, IL	263.0R	304,000	55,000	220	2
1730	ADM/Growmark River Systems, Inc.	Morris-E, IL	263.0R	587,000	55,000	220	2
1731	ADM/Growmark River Systems, Inc.	Morris-W, IL	262.9R	230,000	110,000	440	2
1759	Cargill, Inc.	Seneca, IL	252.5R	846,000	55,000	220	2
1732	ADM/Growmark River Systems, Inc.	Ottawa-N, IL	241.8R	988,000	55,000	220	2 1/2
1753	Cargill, Inc.	Ottawa, IL	238.5L	880,000	110,000	440	2 1/2
1733	ADM/Growmark River Systems, Inc.	Ottawa-S, IL	236.9L	107,000	110,000	440	2 1/2
1765	Maplehurst Farms, Inc.	Ottawa, IL	236.4R	THROUGH PUT	55,000	220	2 1/2
1701	Consolidated Grain and Barge Co.	Utica, IL	229L	681,000	55,000	220	2 1/2
1714	Louis Dreyfus	Utica, IL	229L	THROUGH PUT	55,000	220	2 1/2
1734	ADM/Growmark River Systems, Inc.	La Salle, IL	223.3R	84,000	110,000	440	2 1/2
1702	Consolidated Grain and Barge Co.	Peru, IL	222.9R	0	55,000	220	2 1/2
1713	Louis Dreyfus	Peru, IL	222.9R	THROUGH PUT	55,000	220	2 1/2
1735	ADM/Growmark River Systems, Inc.	Spring Valley, IL	218.4R	109,000	110,000	440	2 1/2
1754	Cargill, Inc.	Spring Valley, IL	218.3L	1,433,000	110,000	440	2 1/2
1736	ADM/Growmark River Systems, Inc.	Hennepin, IL	207.7L	500,000	110,000	440	2 1/2
1760	Cargill, Inc.	Hennepin, IL	207.5L	110,000	55,000	220	2 1/2
1703	Consolidated Grain and Barge Co.	Hennepin, IL	207.4R	416,000	55,000	220	2 1/2
1712	Louis Dreyfus	Hennepin, IL	207.4R	THROUGH PUT	55,000	220	2 1/2
1737	ADM/Growmark River Systems, Inc.	Henry, IL	195.8R	552,000	55,000	220	2 1/2
1738	ADM/Growmark River Systems, Inc.	Lacon, IL	189.5L	199,000	55,000	220	2 1/2
1761	Cargill, Inc.	Lacon, IL	189.3L	487,000	110,000	440	2 1/2
1739	ADM/Growmark River Systems, Inc.	Chillicothe, IL	180.5R	172,000	55,000	220	2 1/2
1740	ADM/Growmark River Systems, Inc.	Creve Coeur, IL	158.1L	1,401,000	55,000	220	3
1749	Cargill, Inc.	Pekin, IL	153	THROUGH PUT	165,000	660	3
1720	Tomen Grain Company	Pekin, IL	152.2L	732,000	110,000	440	3

Appendix 10C A

(01/09/03)

Appendix 10S A

APPENDIX 10S A - SOYBEAN ONLY SHIPPING STATIONS

See Appendix 10C A - CORN AND SOYBEAN SHIPPING STATIONS for shipping stations approved as regular for the delivery of Soybeans above Illinois River Mile Marker 151.

Following is a listing of additional shipping stations approved as regular for the delivery of Soybeans only for the period through June 30, 2004:

BOTCC Code	Firm	Location	Mile Marker	Approved Capacity (bu)	Daily Loading Rate (bu/day)	Max. Certs	Location Differential (cents/bu)
1755	Cargill, Inc.	Havana-N, IL	119.9L	575,000	55,000	220	3 1/2
1762	Cargill, Inc.	Havana-S, IL	119.8L	738,000	55,000	220	3 1/2
1742	ADM/Growmark River Systems, Inc.	Havana-N, IL	119.6L	1,093,000	55,000	220	3 1/2
1743	ADM/Growmark River Systems, Inc.	Havana-S, IL	119.3L	178,000	55,000	220	3 1/2
1763	Cargill, Inc.	Beardstown, IL	88.1L	439,000	55,000	220	3 1/2
1744	ADM/Growmark River Systems, Inc.	Beardstown, IL	91.0R	2,757,000	55,000	220	3 1/2
1756	Cargill, Inc.	Merdedosia, IL	71.3L	962,000	110,000	440	3 1/2
1745	ADM/Growmark River Systems, Inc.	Naples, IL	66.1L	310,000	55,000	220	3 1/2
1706	Zen-Noh Grain Corp.	Naples, IL	65L	THROUGH PUT	55,000	220	3 1/2
1704	Consolidated Grain and Barge Co.	Naples, IL	65L	6,247,000	55,000	220	3 1/2
1757	Cargill, Inc.	Florence, IL	55.3R	1,855,000	165,000	660	3 1/2
1747	ADM/Growmark River Systems, Inc.	St. Louis, MO	UM 184R	2,154,000	220,000	880	6
1764	Cargill, Inc.	E. St. Louis, IL	UM 179L	2,481,000	110,000	440	6
1710	Peavey Co., a ConAgra Trade Group company	Sauget, IL	UM 177L	288,000	110,000	440	6

(10/01/02)

## Appendix 11A

## APPENDIX 11A - CRUDE SOYBEAN OIL

Following is a listing of the firms approved for the delivery of Crude Soybean Oil through June 30, 2004:

FIRM/FACILITIES	REGULAR SPACE (POUNDS)	MAXIMUM RECEIPTS ALLOWED TO ISSUE
AG PROCESSING, INCORPORATED		
Dawson, MN	26,324,000	438
Eagle Grove, IA	20,000,000	333
Emmetsburg, IA	88,000,000	1,466
Fort Dodge, IA	13,000,000	216
Manning, IA	9,000,000	150
Mason City, IA	36,000,000	600
Omaha, NE	40,000,000	666
Sergeant Bluff, IA	31,500,000	525
Sheldon, IA	19,200,000	320
St. Joseph, MO	24,000,000	400
ANDERSONS AGRICULTURE GROUP L.P., THE		
Logansport, IN	20,000,000	333
ARCHER DANIELS MIDLAND CO.		
Decatur, IL	180,000,000	3,000
Des Moines, IA	40,600,000	676
Frankfort, IN	39,000,000	650
Galesburg, IL	11,400,000	190
Granite City, IL	40,000,000	666
Lincoln, NE	27,000,000	450
Mankato, MN	51,000,000	850
Mexico, MO	43,000,000	716
N. Kansas City, MO	42,000,000	700
Quincy, IL	54,500,000	908
Taylorville, IL	29,900,000	498
BUNGE MILLING, INC.		
Danville, IL	91,500,000	1,525
BUNGE NORTH AMERICA (SDP WEST), INC.		
Emporia, KS	36,600,000	610
BUNGE NORTH AMERICA, INC.		
Fort Wayne, IN	45,750,000	762
Logansport, IN	62,000,000	1,033
CARGILL, INC.		
Ackley, IA	240,000,000	4,000
Bloomington, IL	3,900,000	65
Buffalo, IA	36,800,000	613
Cedar Rapids, IA	1,920,000	32
Cedar Rapids, (E), IA	9,300,000	155
Des Moines, IA	8,490,000	141
Iowa Falls, IA	20,000,000	333
Kansas City, MO	7,000,000	116
Lafayette, IN	9,000,000	150
CENEX HARVEST STATES COOPERATIVES (Harvest States Oilseed Processing & Refining division)		
Mankato, MN	6,000,000	100
CENTRAL SOYA COMPANY, INC.		
Decatur, IN	118,950,000	1,982
Gibson City, IL	50,325,000	838
CHICAGO & ILLINOIS RIVER MARKETING, LLC		
Chicago, IL	4,725,000	78
INCOBRASA INDUSTRIES, LTD.		
Gilman, IL	123,525,000	2,058
SOUTH DAKOTA SOYBEAN PROCESSORS, INC.		
Chicago, IL	9,576,000	159
St. Paul, MN	29,115,000	484
Volga, SD	200,700,000	3,345
ZEELAND FARM SERVICES, INC.		
Chicago, IL	52,000,000	866
Portage, IN	40,980,000	683





Appendix 11B

APPENDIX 11B - SOYBEAN OIL DELIVERY DIFFERENTIALS IN CENTS  
PER 100 LBS.

DELIVERY TERRITORY/WAREHOUSE LOCATION	DIFFERENTIALS
ILLINOIS TERRITORY	
Bloomington, IL	PAR
Danville, IL	PAR
Decatur, IL	PAR
Galesburg, IL	PAR
Gibson City, IL	PAR
Gilman, IL	PAR
Granite City, IL	PAR
Quincy, IL	PAR
Taylorville, IL	PAR
EASTERN TERRITORY	
Decatur, IN	(30)
Fort Wayne, IN	(30)
Frankfort, IN	(30)
Indianapolis, IN	(30)
Lafayette, IN	(30)
Logansport, IN	(30)
Portage, IN	(30)
EASTERN IOWA TERRITORY	
Ackley, IA	(20)
Buffalo, IA	(20)
Cedar Rapids, IA	(20)
Cedar Rapids (E), IA	(20)
Des Moines, IA	(20)
Iowa Falls, IA	(20)
Mason City, IA	(20)
SOUTHWEST TERRITORY	
Kansas City, MO	(5)
Mexico, MO	(5)
N. Kansas City, MO	(5)
St. Joseph, MO	(5)
Emporia, KS	(5)
NORTHWEST TERRITORY	
Eagle Grove, IA	(55)
Emmetsburg, IA	(55)
Fort Dodge, IA	(55)
Manning, IA	(55)
Sergeant Bluff, IA	(55)
Sheldon, IA	(55)
Dawson, MN	(55)
Mankato, MN	(55)
St. Paul, MN	(55)
Lincoln, NE	(55)
Omaha, NE	(55)
Volga, SD	(55)

DIFFERENTIALS FOR SOYBEAN OIL DELIVERY MONTHS JANUARY THRU DECEMBER 2003				
Illinois	Eastern	Eastern Iowa	Southwest	Northwest
-----	-----	-----	-----	-----
Par	(40)	(10)	15	(55)

( ) - Differentials enclosed by parentheses ( ) are discounts.

09/01/02

## Appendix 12A

## APPENDIX 12A - SOYBEAN MEAL

Following is a listing of the firms approved for the delivery of Soybean Meal through June 30, 2004:

FIRM/FACILITY	DAILY RATE OF LOADING (TONS)	MAXIMUM CERTIFICATES BONDED TO ISSUE
Ag Processing Incorporated		
Eagle Grove, IA	1,600	265
Manning, IA	600	123
Mason City, IA	700	114
Emmetsburg, IA	700	117
Sergeant Bluff, IA	1,000	172
Sheldon, IA	840	160
St. Joseph, MO	620	99
Archer-Daniels-Midland Co.		
Decatur, IL	2,000	345
Des Moines, IA	1,500	253
Fostoria, OH	600	103
Frankfurt, IN	800	128
Galesburg, IL	400	70
Little Rock, AR	400	78
Mexico, MO	700	115
N. Kansas City, MO	800	140
Quincy, IL	2,000	349
Taylorville, IL	700	125
Bunge Milling Inc.		
Danville, IL	960	1,144
Bunge North America (SDP West), Inc.		
Council Bluffs, IA	2,500	575
Bunge North America, Inc.		
Cairo, IL	2,000	300
Decatur, AL	960	144
Marks, MS	1,200	330
Cargill, Inc.		
Bloomington, IL	600	90
Cedar Rapids (E), IA	1,500	225
Des Moines, IA	1,100	165
Guntersville, AL	900	205
Iowa Falls, IA	1,500	225
Kansas City, MO	1,500	225
Lafayette, IN	850	128
Sioux City, IA	2,000	330
Sidney, OH	1,500	225
Central Soya Company, Incorporated		
Bellevue, OH	750	124
Decatur, IN	2,000	1,000
Gibson City, IL	800	220
Morristown, IN	1,000	160
Consolidated Grain & Barge Company		
Mt. Vernon, IN	1,000	210
Incobrasa Industries, Ltd.		
Gilman, IL	1,300	273
Owensboro Grain Company		
Owensboro, KY	1,600	553
Riceland Foods, Incorporated		
Stuttgart, AR	325	98

01/01/03

Appendix 12B

APPENDIX 12B - SOYBEAN MEAL LOCATIONS  
APPROVED FOR DELIVERY AND THEIR DISCOUNTS OR PREMIUMS

CENTRAL TERRITORY - AT CONTRACT PRICE

Bloomington, IL  
Cairo, IL  
Danville, IL  
Decatur, IL  
Galesburg, IL  
Gibson City, IL  
Gilman, IL  
Quincy, IL  
Taylorville, IL

Owensboro, KY

EASTERN IOWA TERRITORY - \$4.50 DISCOUNT

Cedar Rapids, (East), IA

Des Moines, IA

Iowa Falls, IA

MIDSOUTH TERRITORY - \$6.50 PREMIUM

Decatur, AL

Guntersville, AL

Helena, AR

Little Rock, AR

Marks, MS

Stuttgart, AR.

MISSOURI TERRITORY - AT \$1.00 PREMIUM

Kansas City, MO

Mexico, MO

N. Kansas City, MO

St. Joseph, MO

NORTHERN TERRITORY - \$4.00 DISCOUNT

Eagle Grove, IA

Council Bluffs, IA

Emmetsburg, IA

Manning, IA

Mason City, IA

Sergeant Bluff, IA

Sheldon, IA

Sioux City, IA

NORTHEAST TERRITORY -\$1.50 PREMIUM

Bellevue, OH

Decatur, IN

Fostoria, OH

Frankfurt, IN

Appendix 12B

NORTHEAST TERRITORY -\$1.50 PREMIUM (Continued)

Lafayette, IN  
Morristown, IN  
Mt. Vernon, IN  
Sidney, OH

DIFFERENTIALS FOR SOYBEAN MEAL DELIVERY MONTHS JANUARY THRU DECEMBER 2003

Central	Northeast	Mid South	Missouri	Eastern Iowa	Northern
-----	-----	-----	-----	-----	-----
Par	+\$1.50	+\$6.50	+\$1.00	-\$4.50	-\$4.00

12/01/02

## Appendix m14A

APPENDIX m14A - BRANDS APPROVED FOR DELIVERY  
AGAINST CBOT mini-sized NEW YORK SILVER CONTRACTS

PRODUCER - - - - -	REFINED AT - - - - -	COMPUTER CODE - - - -	BRAND MARKS - - - - -
The Anaconda Company	Perth Amboy, N.J.	UMCO	* UMS CO.
ASARCO Incorporated	Amarillo, Texas	ASAT	ASARCO SILVER - AMARILLO, TEXAS
	Baltimore, M.D.	ASBA	* ASARCO BALTIMORE, MARYLAND
	Perth Amboy, N.J.	ASCP	* AS & R CO.-PERTH AMBOY, N.J.
	Perth Amboy, N.J.	ASPA	* ASARCO-PERTH AMBOY, NEW JERSEY
	Selby, CA	SGSR	* SELBY GOLD & SILVER REFINERY, SAN FRANCISCO, CAL.
Britannia Refined Metals Co.	Northfleet, England	BLCO	BLCo.
Broken Hill Associated Smelters Pty. Ltd.	Port Pirie, Australia	BHAS	BHAS
The Bunker Hill Company	Kellogg, Idaho	HILL	* BUNKER HILL
Cerro de Pasco Corporation	La Oroya, Peru	CDPP	* C de P PERU
Cominco Ltd.	Trail, British Columbia	TADA	TADANAC
Compania de Real Monte y Pachuca	Pachuca, Mexico	RDMM	R del M
Comptoir Lyon-Alemand Louyot	Noisy le Sec, France	CLAP CLAL	* COMPTOIR-LYON-ALEMAND, LOUYOT & CIE-PARIS COMPTOIR-LYON-ALEMAND, LOUYOT-PARIS
Degussa A.G.	Hanau, Germany	DEGU	DEGUSSA (with 1/2 sun and 1/4 moon within diamond)
Degussa Corporation, Metz Div.	South Plainfield, N.J.	METZ	DEGUSSA (with 1/2 sun and 1/4 moon within diamond, also Metz est. 1921)
Dowa Mining Co. Ltd.	Kosaka City, Japan	DOWA	DOWA (with crossed hammers within circle)
Empresa Minera del Peru S.A.	La Oroya, Peru	CPPE	CP-PERU
Engelhard Corporation	Chessington, England Carteret, N.J.	ENCI ENNE	ENGELHARD LONDON ENGELHARD
Engelhard Corporation	Ivry, France	ECMP	ENGELHARD (with Compagnie Des Metaux Precieux-Paris within an oval)

\*No longer produced

## Appendix m14A

PRODUCER	REFINED AT	COMPUTER CODE	BRAND MARKS
Furukawa Metals Co. Ltd.	Nikko City, Japan	TRIA	OPEN TRIANGLE (like letter A, brand name "Yamaichi")
Golden West Refining Corporation Limited, Handy & Harman Refining Group Inc.	Attleboro, Mass.	GWHH	HH HANDY & HARMAN REFINING GROUP
Handy & Harman	Attleboro, Mass. Fairfield Conn.	HAND HARM	* HH HANDY & HARMAN SILVER * HH HANDY & HARMAN SILVER (with capital letter F bars produced at Fairfield, Conn.)
INCO Limited	Sudbury, Ontario	ORCO	ORC
Industrial Minera Mexico, S.A.	Monterrey, Mexico Monterrey, Mexico	ASMO IMMM	* ASARCO-MONTERREY IMM-MONTERREY
Johnson Matthey Limited	Brampton, Ontario	JMJM	JOHNSON MATTHEY-JM (with crossed hammers and assay stamp: JM LTD.-CANADA-ASSAY OFFICE)
	Brampton, Ontario Brampton, Ontario	JMCA JMCM	* JM (with crossed hammers) * J.M. & M. Ltd.
Johnson Matthey Chemicals Ltd.	Royston, England Royston, England	JMLO JMCF	JOHNSON MATTHEY LONDON * JMCF
Johnson Matthey Refining, Inc.	Salt Lake City, Utah	JMRI	JOHNSON MATTHEY-JM (with crossed hammers and assay stamp: J.M.R.I.-U.S.A.-ASSAY OFFICE)
Kam-Kotia Mines Ltd.	Cobalt, Ontario	CRKO	* CRK
Kennecott Corporation	Magma, Utah	KUEU	KUE
Metalli Preziosi S.p.A.	Milan, Italy	MPSP	METALLI PREZIOSI S.p.A. MILANO (with MP)
n.v. Union Miniere s.a. - - Business Unit Hoboken	Hoboken, Belgium Hoboken, Belgium	MHOV HOBN	* HOBOKEN 999.7+ HOBOKEN 999+
Metalor USA Refining Corp.	N. Attleboro, Mass.	META	METAUX PRECIEUX SA METALOR (in a circle with letters MUS in center)
Metalor Precieux SA Metalor	Neuchatel, Switzerland	MPOR	METAUX PRECIEUX SA METALOR (in a circle with letters MP in center)
Met-Mex Penoles, SA de CV	Monterrey, Mexico Torreon, Mexico	MPSA POPM	* METALURGICA MEXICANA PENOLES S.A. PRODUCT OF PENOLES MEXICO
Mitsubishi Materials Corporation	Kagawa, Japan	DIAM	Three diamonds forming a triangle
No. 1 Mining Corporation	Namtu, Burma	BRMA	BURMA MINES
Noranda Metallurgy Inc.- Copper	Montreal East, Quebec	CCRL	CCR CANADA

\*No longer produced

## Appendix m14A

PRODUCER -----	REFINED AT -----	COMPUTER CODE ----	BRAND MARKS -----
Norddeutsche Affinerie A.G.	Hamburg, W. Germany	NAHA	NORDEUTSCHE AFFINERIE HAMBURG
PGP Industries Inc.	Duncan, South Carolina	PGPI	PGP
Rand Refinery Limited	Germiston, Transvaal	RRSA	RAND REFINERY LTD. (with RR Ltd. on underside)
Rudarsko Metalurško Hernijski Kombinat, Trepca	Zvečan, Yugoslavia	TREP	TREPCA
Sabin Metal Corporation	Scottsville, N.Y.	SABN	SMC
Sheffield Smelting Co. Ltd.	Sheffield, England	SSCL	* THE SHEFFIELD SMELTING CO. LTD.
United States Assay Office	Denver, Colorado New York, New York Philadelphia, Pa. San Francisco, Cal.	USDE USNY USPH USSF	* SEAL OF UNITED STATES (with year and location of production)
United States Metals Refining Co., division of Amax Copper, Inc.	Carteret, N.J.	DRW	* DRW
U.S. Smelting, Refining & Mining	East Chicago, Ill.	USSC	* USSCO
Zakłady Metalurgiczne Trzebinia	Trzebinia, Poland	ZTMP	ZTM

\*No longer produced

Appendix m14B

APPENDIX m14B - CBOT LICENSED DEPOSITORIES AND  
WEIGHMASTERS FOR mini-sized NY SILVER

CBOT LICENSED DEPOSITORIES AND WEIGHMASTERS FOR mini-sized NY SILVER

Depository -----	Facilities -----	Computer Code -----
NEW YORK -----		
SCOTIA MOCATTA DEPOSITORY, A DIVISION OF THE BANK OF NOVA SCOTIA 26 Broadway New York, NY 10004 Orders: (212) 912-8530	26 Broadway New York, NY	3001
HSBC BANK USA 1 West 39th Street, SC 2 Level New York, NY 10018 Orders: (212) 525-6439	1 West 39th Street, SC 2 Level New York, NY	5001
	425 Sawmill River Road Ardsley, NY	5002
BRINK'S INCORPORATED Suite 400 580 5th Avenue New York, NY 10036 Orders: (718) 260-2200	652 Kent Avenue Brooklyn, NY	4001
DELAWARE -----		
DELAWARE DEPOSITORY SERVICE COMPANY, LLC 3601 North Market Street Wilmington, DE 19802 Orders: (302) 765-3884	3601 North Market Street Wilmington, DE	6001
	4200 Governor Printz Blvd. Wilmington, DE	6002

ADDITIONAL LICENSED WEIGHMASTERS FOR NEW YORK SILVER

International Testing Laboratories, Inc.  
578-582 Market Street  
Newark, NJ 07105  
Orders: (201) 589-4772

Ledoux & Company  
359 Alfred Avenue  
Teaneck, NJ 07666  
Orders: NJ (201) 837-7160

06/01/02



## Appendix m15A

APPENDIX m15A - BRANDS APPROVED FOR DELIVERY  
AGAINST CBOT mini-sized NY GOLD CONTRACTS

PRODUCER -----	REFINED AT -----	CODE ----	BRAND MARKS -----
AGR Joint Venture	Perth, Australia	PMAU	THE PERTH MINT AUSTRALIA (with swan motif mint mark within circle)
Argor, S.A.	Chiasso, Switzerland	ARGO	* ARGOR S.A. CHIASSO-ASA
Argor - Heraeus SA	Mendrisio, Switzerland	ARHE	ARGOR-HERAEUS SA, A-H, SWITZERLAND
ASARCO Incorporated	Amarillo, Texas	ASAT	ASARCO GOLD- AMARILLO, TEXAS
Casa da Moeda do Brasil	Rio de Janeiro, Brazil	CASA	CASA DA MOEDA DO BRASIL-CMB
Compagnie des Metaux Precieux	Ivry, France	CMPP	* COMPAGNIE DES METAUX PRECIEUX PARIS (may also contain letters CMP)
	Ivry, France	SDBS	* SOCIETE DE BANQUE SUISSE
Companhia Real de Metais	Sao Paulo, Brazil	CRDM	CRM
Comptoir Lyon-Alemand Louyot	Noisy le Sec, France	CLAL	COMPTOIR-LYON-ALEMAND, LOUYOT-PARIS (with Affineur Fondeur within octagon)
Degussa A.G.	Hanau, Germany	DEGU	DEGUSSA FEINGOLD (with 1/2 sun and 1/4 moon within diamond)
Degussa Canada Limited	Burlington, Ontario	DECA	* DEGUSSA CANADA LTD. (with 1/2 sun and 1/4 moon within diamond)
Degussa S.A.	Guarulhos, Brazil	DEBR	DEGUSSA S.A. (with 1/2 sun and 1/4 moon within diamond)
H.Drijfhout & Zoon's Edelmetaalbedrijven BV	Amsterdam, Netherlands	HDZA	H. DRIJFHOUT & ZOON-AMSTERDAM-MELTERS (within octagon)

## Appendix m15A

PRODUCER -----	REFINED AT -----	COMPUTER CODE ----	BRAND MARKS -----
Engelhard Corporation	Carteret. N.J.	ENNE	ENGELHARD (may also be ENGELHARD NEW JERSEY-U.S.A. or ENGELHARD U.S.A.)
	Carteret, N.J.	BAKE	* BAKER (within circle atop triangle)
	Chessington, England	ENCI	ENGELHARD LONDON
	Thomastown, Australia	ENTH	* ENGELHARD AUSTRALIA
	Aurora, Ontario	ENAU	* ENGELHARD (with circle connected to 1/2 moon to left of name; may also be ENGELHARD INDUSTRIES OF CANADA LTD.
Engelhard Corporation	Anaheim, California	ECAL	ENGELHARD (with "w" prefixed serial number)
	Ivry, France	ECMP	ENGELHARD (with Compagnie Des Metaux Precieux-Paris within an oval)
Golden West Refining Corporation Limited, Handy & Harman Refining Group Inc.	Attleboro, Mass	GWHH	* HH HANDY & HARMAN REFINING GROUP
Handy & Harman	Attleboro, Mass	HAND	* HH HANDY & HARMAN
W.C. Heraeus, G.m.b.H.	Hanau, Germany	HERA	HERAEUS FEINGOLD (with Heraeus Edelmetalle GmbH- Hanau encircling three roses)
Heraeus Incorporated	Newark, N.J.	HERI	HERAEUS FEINGOLD (with capital letter "E" preceding serial number)
Heraeus Ltd.	Kowloon, Hong Kong	HERH	HERAEUS FEINGOLD (with capital letter "H" preceding serial number)
Homestake Mining Company	Lead, South Dakota	HMCO	HOMESTAKE MINING COMPANY (with HMC all within circle)
Johnson Matthey, Inc.	Winslow, New Jersey	MBUS	* MATTHEY BISHOP U.S.A. (within an oval)
Johnson Matthey Limited	Brampton, Ontario	JMMC	* JOHNSON MATTHEY & MALLORY-CANADA (within an oval)
	Brampton, Ontario	JMCA	* JM (with crossed hammers)
	Brampton, Ontario	JMJM	JOHNSON MATTHEY-JM (with crossed hammers and assay stamp; J.M. LTD.-CANADA-ASSAY OFFICE)

PRODUCER -----	REFINED AT -----	COMPUTER CODE ----	BRAND MARKS -----
Johnson Matthey Limited (Australia)	Kogarah, Australia	MGPS	* MATTHEY GARRETT PTY. SYDNEY REFINERS (within an oval)
	Kogarah, Australia	JMLA	* JOHNSON MATTHEY LIMITED AUSTRALIA
Johnson Matthey Chemicals Ltd.	Royston, England	JMLO	JOHNSON MATTHEY LONDON (within an oval)
Johnson Matthey & Pauwels S.A.	Brussels, Belgium	JMPA	* JOHNSON MATTHEY & PAUWELS (within an oval)
Johnson Matthey Refining, Inc.	Salt Lake City, Utah	JMRI	JOHNSON MATTHEY-JM (with crossed hammers and assay stamp: J.M.R.I. U.S.A.-ASSAY OFFICE)
Kennecott Utah Copper Corporation	Magna, Utah	KUAU	KUC
Metallurgie Hoboken Overpelt S.A.	Hoboken, Belgium	MHOV	* METALLURGIE HOBOKEN OVERPELT
n.v. Union Miniere s.a. - - Business Unit Hoboken	Hoboken, Belgium	HOBO	Hoboken 9999
Metalli Preziosi S.p.A.	Milan, Italy	MPSP	METALLI PREZIOSI S.p.A. MILANO-AFFINAZIONE (with MP within a circle)
Metalor USA Refining Corp.	Attleborough, Mass.	META	METAUX PRECIEUX SA METALOR - MP (with "MUS" Assay mark)
Metaux Precieux S.A. Metalor	Neuchatel, Switzerland	MPSA	METAUX PRECIEUX SA - NEUCHATEL (with MP within a circle)
	Neuchatel, Switzerland	SBCO	SWISS BANK COPORATION
Mitsubishi Metal Corporation	Osaka, Japan	MMCO	* MITSUBISHI METAL CORPORATION (with three diamond mark within oval)
Mitsubishi Materials Corporation	Kagawa, Japan	MITS	Three diamonds forming a triangle
Noranda Mines Limited, CCR Division	Montreal East, Quebec	CCRL	* CANADIAN COPPER REFINERS LIMITED MONTREAL EAST, CANADA (within an oval)

## Appendix m15A

PRODUCER -----	REFINED AT -----	COMPUTER CODE ----	BRAND MARKS -----
Noranda Mines Limited, CCR Division	Montreal East, Quebec	NORA	* NORANDA MINES LIMITED - CCR, MONTREAL EAST, CANADA (within an oval)
Noranda Metallurgy Inc. - Copper	Montreal East, Quebec	NINC	NORANDA MINES Inc. - CCR, MONTREAL EAST, CANADA (within an oval)
Norddeutsche Affinerie AG	Hamburg, W. Germany	NAHA	NORDDEUTSCHE AFFINERIE HAMBURG
PAMP, S.A.	Castel S. Pietro,	PAMP	PAMP-SUISSE Produits Artistiques Metaux Precieux Switzerland
Rand Refinery Limited	Germiston Transvaal	RRSA	RAND REFINERY Ltd. SOUTH AFRICA (encircling picture of springbok)
Royal Canadian Mint	Ottawa, Canada	RCMI	ROYAL CANADIAN MINT (encircling a crown)
Sabin Metal Corporation	Scottsville, N.Y.	SABN	SMC
Schone Edelmetaal NV	Amsterdam, Netherlands	GSNV	GUARANTEED BY SCHONE N.V. AMSTERDAM
Sheffield Smelting Co. Ltd.	Sheffield, England	SSCL	* THE SHEFFIELD SMELTING CO. LTD. - LONDON & SHEFFIELD
Tanaka Kikinzoku Kogyo K.K.	Ichikawa, Japan	TTME	TANAKA TOKYO-MELTERS
United States Metals Refining Co., division of Amax Copper, Inc.	Carteret, N.J.	DRW	* DRW
U.S.S.R	Moscow, U.S.S.R	CCCP	CCCP (with hammer and sickle)
Valcambi, S.A.	Balerna, Switzerland	CRSU	CREDIT SUISSE

10/01/01

Appendix m15B

APPENDIX m15B--CBOT LICENSED DEPOSITORIES AND  
WEIGHMASTERS FOR mini-sized NY GOLD

Depository - -----	Facilities -----	Computer Code -----
NEW YORK		
SCOTIAMOCATTA DEPOSITORY A DIVISION OF THE BANK OF NOVA SCOTIA 26 Broadway New York, NY 10004 (Orders: (212) 912-8530)	26 Broadway New York, NY	3001
HSBC Bank USA 1 West 39th Street, SC 2 Level New York, NY 10018 (Orders: (212) 525-6439)	1 West 39th Street, SC 2 Level New York, NY	5001
	425 Sawmill River Road Ardsley, NY	5002

-----  
ADDITIONAL LICENSED WEIGHMASTERS FOR mini-sized NY GOLD  
-----

International Testing Laboratories, Inc.  
578-582 Market Street  
Newark, NJ 07105  
(Orders: (973) 589-4772)

Ledoux & Company  
359 Alfred Avenue  
Teaneck, NJ 07666  
(Orders: NJ (201) 837-7160)

07/01/02

## APPENDIX 37B - ROUGH RICE REGULARITY

## ROUGH RICE REGULARITY

The following applications for a declaration of regularity for the delivery of Rough Rice have been approved through June 30, 2004:

FIRM/FACILITY	Total Capacity (cwt.)	Maximum Receipts Deliverable	Storage Rate* (per hundred weight per day)	Load-Out rate (per hundred weight)
ACH GRAIN STORAGE, LLC Brinkley, AR	505,800	252	29.22/100 of a cent	20.00 cents
ADM-RICELAND PARTNERSHIP Waldenburg, AR	400,000	200	34.00/100 of a cent	22.22 cents
FARMER'S GRANARY, INC. Patterson, AR	900,000	450	29.19/100 of a cent	22.22 cents
GULF RICE ARKANSAS LLC Harrisburg, AR	953,000	476	34.00/100 of a cent	22.22 cents
HARVEST RICE, INC. McGehee, AR	272,250	136	34.00/100 of a ct.	22.22 cents
POINSETT RICE & GRAIN, INC. Waldenburg, AR	830,250	415	29.67/100 of a cent	22.22 cents
Diaz, AR	444,150	222	29.67/100 of a cent	22.22 cents
PRODUCER'S RICE MILL, INC. Stuttgart, AR	122,000	61	28.89/100 of a ct.	20.00 cents
Stuttgart, AR (mill site)	400,000	200	28.89/100 of a ct.	20.00 cents
Wynne, AR	478,000	239	28.89/100 of a ct.	20.00 cents
RICELAND FOODS, INC. Dumas, AR	450,000	225	34.00/100 of a ct.	22.22 cents
Fair Oaks, AR	450,000	225	34.00/100 of a ct.	22.22 cents
Hickory Ridge, AR	338,000	169	34.00/100 of a ct.	22.22 cents
Jonesboro, AR	2,250,000	1,125	34.00/100 of a ct.	22.22 cents
McGehee, AR	300,000	150	34.00/100 of a ct.	22.22 cents
Newport, AR	360,000	180	34.00/100 of a ct.	22.22 cents
Stuttgart, AR- Dryer Mill Site	1,600,000	800	34.00/100 of a ct.	22.22 cents
Weiner, AR	450,000	225	34.00/100 of a ct.	22.22 cents
Wheatly, AR	450,000	225	34.00/100 of a ct.	22.22 cents

\* Storage rate cap of 34/100 of a cent applies to all receipts issued on and after 05/01/95

12/01/02

APPENDIX 37C - DEFINITIONS

FIRST POSITION DAY - Shall be the second business day prior to the first business day of the delivery month.  
FIRST NOTICE DAY - Shall be the business day prior to the first business day of the delivery month.  
FIRST DELIVERY DAY - Shall be the first business day of the delivery month.  
LAST TRADING DAY - Shall be the business day prior to the last seven business days of the delivery month.  
LAST NOTICE DAY - Shall be the business day prior to the last business day of the delivery month.  
LAST DELIVERY DAY - Shall be the last business day of the delivery month.

11/01/94

APPENDIX 37D - MINIMUM FINANCIAL REQUIREMENTS FOR ROUGH RICE REGULARITY

The minimum financial requirements for firms which are regular to deliver Rough Rice are:

1. Working Capital - (current assets less current liabilities) must be greater than or equal to \$1,000,000. Firms which do not have \$1,000,000 in working capital must deposit with the Exchange \$5,000 per contract which they are regular to deliver, up to a maximum of \$1,000,000 less SEC haircuts, as specified in SEC Rule 15c3-1(c) (2) (vi), (vii) and (viii) plus 3% in the event of liquidation.
2. Net Worth - (Total assets less total liabilities) divided by the firm's allowable capacity (measured in contracts) must be greater than \$5,000.
3. Each firm which is regular to deliver Rough Rice is required to file a yearly certified financial statement within 90 days of the firm's year-end. Each such firm is also required to file within 90 days of the statement date an unaudited semi-annual financial statement. In addition, the Exchange may request additional financial information as it deems appropriate;
4. A Letter of Attestation must accompany all financial statements. The Letter of Attestation must be signed by the Chief Financial Officer or if there is none, a general partner, executive officer, or managerial employee who has the authority to sign financial statements on behalf of the firm and to attest to their correctness and completeness.
5. For the requirements for notification of capital reductions, see Regulation 285.03.
6. Any change in the organizational structure of a firm that is regular for delivery requires that the firm notify the Exchange prior to such change. Changes in organizational structure shall include, but not be limited to a corporation, limited liability company, general partnership, limited partnership or sole proprietorship that changes to another form. Prior to such change occurring, the firm is also required to notify the Exchange in writing of any name change.

11/01/94



CHARTER, BYLAWS, RULES AND  
REGULATIONS

OF THE

CHICAGO  
BOARD OF TRADE

[GRAPHIC OMITTED]

As of , 2003

\_\_\_\_\_, 2002

AMENDMENTS TO THE CHARTER, BYLAWS, RULES AND REGULATIONS

-----  
OF THE BOARD OF TRADE OF THE CITY OF CHICAGO, INC.  
-----

Changes from \_\_\_\_\_ 1, 2003 to \_\_\_\_\_ 1, 2003  
-----

Charter

-----

Amended and Restated Certificate of Incorporation (Effective \_\_\_\_\_, 2003)

Bylaws

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Amended and Restated Bylaws (Effective \_\_\_\_\_, 2003)

Rules and Regulations

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I. Chapter 1 (Government)

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(Deleted Rules 110.00, 134.00, 156.00, 164.00, 170.00, 181.00, 184.00, 185.00, 186.00 and 190.00; Deleted Regs. 162.01, 162.03, 162.05, 162.09, 165.02 and 165.03; Deleted Interpretation adopted April 17, 1996 regarding certain petition procedures)

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\*Not reprinted in Rulebook. Copies are available from the Secretary's Office.

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\* Not reprinted in Rulebook. Copies are available from the Secretary's Office.

AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF

BOARD OF TRADE OF THE  
CITY OF CHICAGO, INC.

(Originally incorporated in the State of Delaware under the name  
Delaware CBOT, Inc. on May 12, 2000)

ARTICLE I

NAME

The name of the corporation is Board of Trade of the City of Chicago, Inc.  
(hereinafter referred to as the "Corporation").

ARTICLE II

REGISTERED AGENT

The address of the registered office of the Corporation in the State of  
Delaware is 9 Loockerman Street, in the City of Dover, County of Kent, Delaware  
19901. The name of the registered agent of the Corporation at such address is  
National Registered Agents, Inc.

ARTICLE III

CORPORATE PURPOSES

The nature of the business or purposes to be conducted or promoted by the  
Corporation are to engage in any lawful act or activity for which corporations  
may be organized under the General Corporation Law of the State of Delaware (as  
amended from time to time, the "DGCL").

ARTICLE IV

MEMBERSHIP

A. General.

The Corporation shall have no authority to issue capital stock. The terms  
and conditions of membership in the Corporation shall be as provided in or  
pursuant to this Certificate of Incorporation and the Bylaws of the Corporation  
(the "Bylaws").

B. Classes and Series of Membership.

Membership in the Corporation shall be divided into classes and series as  
set forth in this Article IV.

1. Class A Membership.

There shall be one Class A Membership, which Class A Membership shall be  
held by CBOT Holdings, Inc., a Delaware corporation ("CBOT Holdings"). Except  
to the extent (if any) expressly provided herein or required by law, CBOT  
Holdings, as the holder of the sole Class A Membership, shall have the right to  
vote on any matter to be voted on by the members of the Corporation other than  
on those matters expressly reserved to the vote of the holders of Series B-1  
and Series B-2, Class B memberships in the Corporation and shall have the  
exclusive



right to receive any dividend or other distribution (including upon liquidation, dissolution, winding-up or otherwise) to be declared, paid or distributed by the Corporation (except as provided in Section B(2) of this Article IV), and no other member of or class or series of membership in the Corporation shall be entitled to vote on any matter except as set forth below or to receive any such dividend or other distribution (except as provided in Section B(2) of this Article IV). In addition to those general voting rights of the Class A membership set forth in this Section B(1) of this Article IV, the affirmative vote of the Class A membership shall be required to permit the Corporation to approve, in one transaction or in a series of related transactions: (a) any merger or consolidation of the Corporation with or into another entity, (b) any purchase by, investment in, or other acquisition or formation by the Corporation of any business or assets which are, or are intended to be, competitive, as determined by the Board of Directors of the Corporation in its sole and absolute discretion, with the business conducted or proposed to be conducted at such time by the Corporation, (c) any sale (or other transfer) to a third party involving assets of the Corporation that constitute a significant amount of the total assets of the Corporation, (d) any amendment or change to (or elimination of) Sections B(1) and E of Article IV of this Certificate of Incorporation or (e) any dissolution or liquidation of the Corporation. For purposes of clause (c) of the foregoing provision, a significant amount of the total assets of the Corporation shall mean 10% of the fair market value of the assets, both tangible and intangible, of the Corporation as of the time of the approval by the Board of Directors of the proposed sale (or other transfer), as determined by the Board of Directors of the Corporation in its sole and absolute discretion.

## 2. Class B Membership.

Class B Memberships shall represent the right to trade on and otherwise utilize the facilities of the Corporation in accordance with and to the extent permitted by this Certificate of Incorporation, the Bylaws and the Rules and Regulations of the Corporation (collectively, the "Rules," which shall be incorporated into and made part of the Bylaws). There shall be authorized three thousand seven hundred two (3,702) Class B Memberships, which shall be divided into five (5) series ("Series") as follows:

- 1,402 Series B-1, Class B Memberships;
- 867 Series B-2, Class B Memberships;
- 148 Series B-3, Class B Memberships;
- 642 Series B-4, Class B Memberships; and
- 643 Series B-5, Class B Memberships.

Class B Memberships shall have no right to receive any dividend or other distribution (including upon liquidation, dissolution, winding-up or otherwise) to be declared, paid or distributed by the Corporation with the sole exception of the dividend of shares of CBOT Holdings to be declared and paid in connection with the restructuring of the Corporation and the creation of the Class B Memberships. The respective rights and privileges of each Series of Class B Membership shall be as provided in or pursuant to this Certificate of Incorporation, the Bylaws and the Rules.

## 3. Class C Membership.

Class C Memberships shall represent the right, subject to satisfaction of certain requirements set forth in the Rules, to become a member of the Chicago Options Exchange Incorporated (including any successor thereto, the "CBOE") without having to purchase a membership on the CBOE pursuant to Article Fifth(b) of CBOE's certificate of incorporation. There shall be one thousand four hundred two (1,402) Class C Memberships. Class C Memberships shall have no right to receive any dividend or other distribution (including upon liquidation, dissolution, winding-up or otherwise) to be declared, paid or distributed by the Corporation. The holders of Class C Memberships shall not be entitled to vote on any matter. The respective rights and privileges of Class C Memberships shall be as provided in or pursuant to this Certificate of Incorporation, the Bylaws and the Rules.

## C. Class B Voting Rights.

Except as otherwise expressly provided in this Certificate of Incorporation, the holders of Class B Memberships shall not be entitled to vote on any matter. On any matter on which the holders of Series B-1,

Class B Memberships and Series B-2, Class B Memberships are entitled to vote together as a single class pursuant to this Certificate of Incorporation, each holder of Series B-1, Class B Memberships shall be entitled to one (1) vote per such membership and each holder of Series B-2, Class B Memberships shall be entitled to one-sixth (1/6) of one (1) vote per such membership.

D. Special Rights of Class B Membership.

The holders of each Series of Class B Membership shall have the trading rights and other rights and privileges, and shall be subject to the restrictions, terms and conditions, set forth below.

1. Series Trading Rights.

(a) Series B-1. Each holder of a Series B-1, Class B Membership who satisfies the qualifications for and requirements of Full Membership in the Corporation as set forth in the Rules shall be entitled to the rights and privileges of, and shall be subject to the restrictions, conditions and limitations on, a Full Member as set forth in this Certificate of Incorporation, the Bylaws and the Rules.

(b) Series B-2. Each holder of a Series B-2, Class B Membership who satisfies the qualifications for and requirements of Associate Membership in the Corporation as set forth in the Rules shall be entitled to the rights and privileges of, and shall be subject to the restrictions, conditions and limitations on, an Associate Member as set forth in this Certificate of Incorporation, the Bylaws and the Rules.

(c) Series B-3. (1) Each holder of a Series B-3, Class B Membership who satisfies the qualifications for and requirements of being a holder of a one-half Associate Membership as set forth in clause (2) of Rule 296.00 of the Rules shall be entitled to the rights and privileges of, and subject to the restrictions, conditions and limitations on, a holder of a one-half Associate Membership as set forth in the Certificate of Incorporation, the Bylaws and the Rules.

(2) Each holder of a Series B-3, Class B Membership who satisfies the qualifications for and requirements of being a holder of a GIM Membership Interest in the Corporation as set forth in clause (1) of Rule 296.00 of the Rules shall be entitled to the rights and privileges of, and shall be subject to the restrictions, conditions and limitations on, a holder of a GIM Membership Interest as set forth in this Certificate of Incorporation, the Bylaws and the Rules.

(d) Series B-4. Each holder of a Series B-4, Class B Membership who satisfies the qualifications for and requirements of being a holder of an IDEM Membership Interest in the Corporation as set forth in the Rules shall be entitled to the rights and privileges of, and shall be subject to the restrictions, conditions and limitations on, a holder of an IDEM Membership Interest as set forth in this Certificate of Incorporation, the Bylaws and the Rules.

(e) Series B-5. Each holder of a Series B-5, Class B Membership who satisfies the qualifications for and requirements of being a holder of a COM Membership Interest in the Corporation as set forth in the Rules shall be entitled to the rights and privileges of, and shall be subject to the restrictions, conditions and limitations on, a holder of a COM Membership Interest as set forth in this Certificate of Incorporation, the Bylaws and the Rules.

(f) In addition to the rights and privileges set forth above, except as otherwise provided in the Certificate of Incorporation, the Bylaws or the Rules, each holder of a Class B Membership of any Series shall be entitled to all trading rights and privileges with respect to those products that such holder is entitled to trade on the open outcry exchange system of the Corporation or any electronic trading system maintained by the Corporation or any of its affiliates or any of their respective successors or successors-in-interest.

2. Series B-1 and B-2, Class B Voting Rights.

(a) In addition to any approval of the Board of Directors required by this Certificate of Incorporation, the Bylaws or applicable law, the affirmative vote of the holders of a majority of the votes cast by the

holders of Series B-1, Class B Memberships and Series B-2, Class B Memberships, voting together as a class based on their respective voting rights at any annual or special meeting of the Corporation, shall be required to adopt any amendment or make any change to this Certificate of Incorporation, the Bylaws or the Rules that, in the sole and absolute determination of the Board of Directors, adversely affects:

(1) the allocation of products that the holders of any Series of Class B Membership are permitted to trade on the exchange facilities of the Corporation (including both the open outcry trading system and the electronic trading system),

(2) the requirement that, except as provided in that certain Agreement, dated August 7, 2001, between the Corporation and CBOE, as modified by those certain Letter Agreements, dated October 24, 2001, and September 13, 2002, between the Corporation, CBOT Holdings and the CBOE, in each case, as may be amended from time to time in accordance with their respective terms, holders of Class B Memberships who meet the applicable membership and eligibility requirements will be charged transaction fees for trades of the Corporation's products for their accounts that are lower than the transaction fees charged to any participant who is not a holder of Class B Membership for the same products, whether trading utilizing the open outcry trading system or the electronic trading system,

(3) the number of authorized classes or series of memberships, or number of memberships, in the CBOT subsidiary (it being understood that any change to the number of classes or series of memberships, or number of memberships, shall be deemed to adversely affect such right),

(4) the membership qualifications or eligibility requirements for holding any Series of Class B Membership or exercising any of the membership rights and privileges associated with such Series, or

(5) the Commitment to Maintain Open Outcry Markets set forth in Section F of Article IV of this Certificate of Incorporation.

For purposes of clause (1) of this Section, the allocation of products that the holders of any Series of Class B Membership are permitted to trade on the exchange facilities of the Corporation shall be deemed to be adversely affected only if a product is eliminated from the allocation of products the holders of a particular Series of Class B Memberships are permitted to trade.

(b) In addition to their right to vote on the matters specified in the preceding paragraph (a), holders of Series B-1 and Series B-2, Class B Memberships shall also be entitled, at any annual or special meeting of members, to (i) adopt, repeal or amend the Bylaws of the Corporation, or (ii) make non-binding recommendations that the Board of Directors of the Corporation consider proposals that require the approval of the Board of Directors of the Corporation, including recommendations that the board consider a specific proposal, in each case subject to such requirements and conditions for the initiation of proposals by members as may be stated in this Certificate of Incorporation or in the Bylaws. Any proposal brought pursuant to this Section D(2)(b) of Article IV shall require the affirmative vote of the holders of a majority of the votes cast by the holders of Series B-1, Class B Memberships and Series B-2, Class B Memberships, voting together as a single class based on their respective voting rights, at any annual or special meeting of the Corporation.

(c) On any matter on which holders of Series B-1 and Series B-2, Class B Memberships are entitled to vote pursuant to paragraphs (a) and (b) of this Article IV(D)(2), such holders of Series B-1 and Series B-2, Class B Memberships shall be the only members of the Corporation entitled to vote thereon. Holders of Series B-1 and Series B-2, Class B Memberships shall have no other voting rights except as expressly set forth herein and shall not have the right to take action by written consent in lieu of a meeting. One-third of the total voting power of the Series B-1 and Series B-2, Class B Memberships present in person or by proxy shall constitute a quorum at any meeting to take action on the matters as to which such holders are entitled to vote pursuant to paragraphs (a) and (b) of this Article IV(D)(2). Series B-3, Series B-4 and Series B-5, Class B Memberships shall have no right to vote on any matters or to initiate any proposals at or for any meeting of members. For purposes of any vote of the holders of Series B-1, Class B Memberships and

Series B-2, Class B Memberships permitted by this Certificate of Incorporation, the Board of Directors shall be entitled to fix a record date, and only holders of record as of such record date shall be entitled to vote on the matter to be voted on.

3. Conversion Rights of Series B-3.

(a) Conversion. Subject to, and upon compliance with, the provisions of this Section D(3) of Article IV, any two (2) Series B-3, Class B Memberships shall be convertible at the option of the holder into one (1) Series B-2, Class B Membership.

(b) Mechanics of Conversion. A holder of Series B-3, Class B Memberships may exercise the conversion right specified in Section D(3)(a) of Article IV by delivering to the Corporation or any transfer agent of the Corporation written notice stating that the holder elects to convert such memberships, accompanied by the certificates or other instruments, if any, representing the memberships to be converted. Conversion shall be deemed to have been effected on the date when delivery of such written notice, accompanied by such certificate or other instrument, if any, is made, and such date is referred to herein as the Conversion Date. As promptly as practicable after the Conversion Date, the Corporation may issue and deliver to or upon the written order of such holder a certificate or other instrument, if any, representing the number of Series B-2, Class B Memberships to which such holder is entitled as a result of the exercise of such conversion right. The person in whose name the certificates or other instruments representing Series B-2, Class B Memberships are to be issued shall be deemed to have become the holder of record of such Series B-2, Class B Memberships on the applicable Conversion Date.

(c) Memberships Reserved for Issuance. The Corporation shall take all actions necessary to reserve and make available at all times for issuance upon the conversion of Series B-3, Class B Memberships, such number of Series B-2, Class B Memberships as are issuable upon the conversion of all outstanding Series B-3, Class B Memberships.

E. Restriction on Transfer.

1. Except as otherwise provided in this Article IV.E, no Class B Membership may be sold, transferred or otherwise disposed of (excluding any hypothecation thereof) except (a) by operation of law, (b) in a transaction specifically approved by the Board of Directors of the Corporation or a duly authorized committee thereof or (c) in a transaction consummated in connection with and conditioned upon the sale, transfer or disposition of shares of common stock (including any successor interests, the "Common Stock") of CBOT Holdings, that results in the number of shares of Common Stock of CBOT Holdings associated with the series of such Class B Membership, as set forth hereinafter in this Section E, being simultaneously sold, transferred or disposed of to the same transferee of such Class B Membership. The number of shares of Common Stock of CBOT Holdings that must be sold, transferred or otherwise disposed of in accordance with the preceding sentence is as follows: twenty five thousand (25,000) shares of Common Stock with one (1) Series B-1, Class B Membership; five thousand (5,000) shares of Common Stock with one (1) Series B-2, Class B Membership; two thousand five hundred (2,500) shares of Common Stock with one (1) Series B-3, Class B Membership; three hundred (300) shares of Common Stock with one (1) Series B-4, Class B Membership; and three hundred fifty (350) shares of Common Stock with one (1) Series B-5, Class B Membership.

2. The restrictions contained in this Article IV.E shall be terms and conditions of membership in the Corporation and any purported sale, transfer or other disposition of a Class B Membership not in accordance with this Article IV.E shall be void and shall not be recorded on the books of or otherwise recognized by the Corporation.

F. Commitment to Maintain Open Outcry Markets. Subject to the terms and conditions of this Section F of Article IV, the Corporation shall maintain open outcry markets operating as of the effective date of the

amendment and restatement of this Certificate of Incorporation creating Class B Memberships and provide financial support to each such market for technology, marketing and research, which the Board of Directors determines, in its sole and absolute discretion, is reasonably necessary to maintain each such open outcry market.

Notwithstanding the foregoing or any other provision of this Certificate of Incorporation, the Board of Directors may discontinue any open outcry market at such time and in such manner as it may determine if (1) the Board of Directors determines, in its sole and absolute discretion, that a market is no longer "liquid" or (2) the holders of a majority of the voting power of the then outstanding Series B-1, Class B Memberships and Series B-2, Class B Memberships, voting together as a single class based on their respective voting rights, approve the discontinuance of such open outcry market.

For purposes of the foregoing, an open outcry market will be deemed "liquid" for so long as it meets either of the following tests, in each case as measured on a quarterly basis:

(a) if a comparable exchange-traded product exists, the open outcry market has maintained at least 30 percent (30%) of the average daily volume of such comparable product (including for calculation purposes, volume from Exchange-For-Physicals transactions in such open outcry market); or

(b) if no comparable exchange-traded product exists, the open outcry market has maintained at least 40 percent (40%) of the average quarterly volume in that market as maintained by the Corporation in 2001 (including, for calculation purposes, volume from Exchange-For-Physicals transactions in such open outcry market).

#### ARTICLE V

##### MANAGEMENT OF AFFAIRS

The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

A. In accordance with Sections 141(a) and 141(j) of the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of a governing body, which shall be known as the "Board of Directors," and the composition of which shall be as set forth in Article VI of this Certificate of Incorporation. In addition to the powers and authority expressly conferred upon them by statute or by this Certificate of Incorporation, the Bylaws or the Rules, the directors are hereby empowered to exercise all powers and do all acts and things as may be exercised or done by the Corporation.

B. A special meeting of members shall be called by the Chairman of the Board or the Board of Directors upon receipt by the Chairman of the Board or the Secretary of the Corporation of a written demand of the holders of Series B-1, Class B Memberships and Series B-2, Class B Memberships entitled to cast 10% of the total number of votes entitled to be cast at such meeting. Any such written demand shall specify the purpose of such special meeting and the special meeting so called shall be limited to the purpose so set forth. The written demand shall also specify the date of such special meeting that shall be a business day not less than ten (10) nor more than sixty (60) days from the date of such written demand. The purpose of any special meeting shall be stated in the notice thereof.

C. Any action required or permitted to be taken by the members of the Corporation must be effected at a duly called annual or special meeting of members of the Corporation and may not be effected by any consent in writing by such members, provided that the holder of the Class A Membership shall have the right to effect by consent in writing any action which would require the approval of the holder of the Class A membership at a duly called annual or special meeting of the members of the Corporation.

ARTICLE VI

BOARD OF DIRECTORS

The holder of the Class A Membership shall have the exclusive right to vote for and elect the members of the Board of Directors. To qualify for election to, and continued service on, the Board of Directors as of any particular time, a person must, as of such time, be a member of the board of directors of CBOT Holdings. The Chairman of the Board of CBOT Holdings shall, whenever he or she is serving as a member of the Board of Directors, be Chairman of the Board of Directors and the Vice Chairman of the Board of CBOT Holdings shall, whenever he or she is serving as a member of the Board of Directors, be Vice Chairman of the Board of Directors.

ARTICLE VII

AMENDMENT OF BYLAWS

The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation, provided that any change to the matters set forth in Section D(2)(a) of Article IV shall also require the approval of holders of Series B-1, Class B Memberships and Series B-2, Class B Memberships as specified therein. The Series B-1, Class B Memberships and Series B-2, Class B Memberships shall also have power to adopt, amend or repeal the Bylaws. The only members of the Corporation with any power to adopt, amend or repeal the Bylaws or the Rules of the Corporation shall be the holders of the Series B-1, Class B Memberships and Series B-2, Class B Memberships, as set forth in Article IV.D.2 of this Certificate of Incorporation, and no other member of, or class or series of membership in, the Corporation shall have any such power.

ARTICLE VIII

LIMITATION OF LIABILITY

A director of the Corporation shall not be personally liable to the Corporation or its members for monetary damages for breach of fiduciary duty as a director, except for liability (A) for any breach of the director's duty of loyalty to the Corporation or its members, (B) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (C) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification. For purposes of this Article, the term "director" shall, to the fullest extent permitted by the DGCL, include any person who, pursuant to this Certificate of Incorporation, is authorized to exercise or perform any of the powers or duties otherwise conferred upon a board of directors by the DGCL.

ARTICLE IX

AMENDMENT OF CERTIFICATE OF INCORPORATION

The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware, and all rights conferred upon the members of the Corporation are granted subject to this reservation. Any amendment of, or repeal of any provision contained in, this Certificate of Incorporation shall require the approval of the Board of Directors and the holder of the Class A Membership, provided that, on any such amendment or repeal as to which the holders of Series B-1, Class B Memberships and Series B-2, Class B Memberships are entitled to vote under Section D(2) of Article IV hereof, the holder of the Class A Membership shall not be entitled to vote and such amendment or repeal shall require the approval of the holders of a majority of the votes cast on any such properly presented proposal at any annual or special meeting of the members of the Corporation.

\* \* \* \*

AMENDED AND RESTATED BYLAWS  
OF  
BOARD OF TRADE OF THE  
CITY OF CHICAGO, INC.

These Bylaws shall take effect at the effective time (the "Effective Time") of the Amended and Restated Certificate of Incorporation (as amended from time to time, the "Certificate of Incorporation") of Board of Trade of the City of Chicago, Inc. (the "Corporation") to be filed with the Secretary of State of the State of Delaware in connection with the merger of the Corporation and the restructuring thereof (the "Restructuring") as described in the Registration Statement filed with the Securities and Exchange Commission in connection with the Restructuring; provided that, effective immediately upon the approval and adoption of these Bylaws by the membership of the Corporation at the meeting thereof called to vote upon the propositions relating to the Restructuring, for the avoidance of doubt, any limitation or restriction heretofore contained in the Bylaws, Rules (the "Rules") and Regulations (the "Regulations") of the Corporation with respect to the rights of any holder of a Full Membership, Associate Membership, one-half participation interest in an Associate Membership, which shall constitute a membership in the Corporation of the same class as a GIM Membership Interest, GIM Membership Interest, IDEM Membership Interest or COM Membership Interest to receive the dividend to be declared and distributed in connection with the Restructuring shall be and hereby is eliminated and the holders of each of the foregoing classes of membership shall, until the Effective Time, be deemed to be members of the Corporation (of their respective class) as that term is used in the Delaware General Corporation Law.

ARTICLE I--RULES AND REGULATIONS

Section 1. Incorporation of Rules and Regulations.

In accordance with the Certificate of Incorporation of the Corporation, the Rules and the Regulations, each as they may be amended from time to time, are hereby incorporated by reference into and made part of these Bylaws.

Section 2. Member Consent to Be Bound.

The Board of Directors may adopt, amend or repeal the Regulations, which shall not be in conflict with the Rules, and which shall have the binding effect of Rules. By majority vote, the Board of Directors may delegate, to particular committees as designated by the Board of Directors, the power to adopt, amend or repeal Regulations. Applicants for membership and any person or entity holding any membership in the Corporation shall be required to sign a written agreement to observe and be bound by the Certificate of Incorporation, the Bylaws, Rules and Regulations of the Corporation, as each may be amended from time to time. In addition, the Board of Directors may adopt interpretations of the Certificate of Incorporation, Bylaws, Rules and Regulations ("Interpretations") which shall be incorporated into and deemed to be Regulations.

ARTICLE II--MEMBERSHIP

Section 1. Terms and Conditions.

The terms and conditions of membership in the Corporation, including, without limitation, the rights and obligations of members, member firms and delegates, shall be as provided herein, in the Certificate of Incorporation and in the Rules and Regulations. Without limiting the foregoing, requirements with respect to, and restrictions and limitations on, the ownership, use, purchase, sale, transfer or other disposition of any membership

or interest therein, or any other interest of or relating to the Corporation or membership therein, including the payment of proceeds from the sale, transfer or other disposition of any membership or interest therein, shall be as provided herein, in the Certificate of Incorporation and in the Rules and Regulations, or as otherwise provided in accordance with applicable law.

## Section 2. Voting Rights.

Members shall have such voting rights as are specified in the Certificate of Incorporation. To the extent authorized by the Certificate of Incorporation, the Board of Directors shall be entitled to fix a record date for purposes of determining the members entitled to vote on any matter. Except as expressly provided in the Certificate of Incorporation of the Corporation, on any matter upon which the holders of Series B-1 and Series B-2, Class B memberships in the Corporation are entitled to vote, such members shall have the authority to authorize such proposal on the affirmative vote of a majority of votes cast at any annual or special meeting of the members of the Corporation.

## Section 3. Annual and Special Meetings.

The directors of the Corporation shall be elected by the holder of the Class A Membership at an annual meeting to be held on a date designated by the Board of Directors, provided that no annual meeting need be held if the holder of the Class A Membership has elected directors by written consent without a meeting. Special meetings of the members may be called only by those persons, and in the manner specified, in the Certificate of Incorporation; provided that a special meeting shall be called by the Chairman of the Board or the Board of Directors upon receipt by the Chairman of the Board or the Secretary of the Corporation of a written demand of Class B Members entitled to cast 10% of the total number of votes entitled to be cast at such meeting. Any such written demand shall specify the purpose of such special meeting and the special meeting so called shall be limited to the purpose so set forth. The written demand shall also specify the date of such special meeting that shall be a business day not less than ten (10) nor more than sixty (60) days from the date of such written demand. The purpose of any special meeting shall be stated in the notice thereof.

## Section 4. Notice of Meetings.

Written notice of the place, date, and time of all meetings of the members shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each member entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation). The notice of any special meeting of members shall also state the purpose or purposes for which such meeting is called.

When a meeting is adjourned to another place, date or time, written notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, written notice of the place, date, and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting without regard to the presence of a quorum at such adjournment.

## Section 5. Quorum.

The presence of the holder of the Class A membership, in person or by proxy, shall constitute a quorum with respect to any matter on which the holder of the Class A Membership is entitled to vote pursuant to the Certificate of Incorporation, or any meeting called to vote on such matters.

With respect to any matter on which the holders of Class B Memberships are entitled to vote pursuant to the Certificate of Incorporation, or any meeting called to vote on such matters, the presence of holders of Class B Memberships, in person or by proxy, representing one-third of the votes entitled to be cast on such matters, shall constitute a quorum. If a quorum shall fail to attend any meeting, the chairman of the meeting or, in



his or her absence, the Chairman of the Board of Directors or the President, or the holder of the Class A Membership, may adjourn the meeting to a subsequent time.

Section 6. Organization.

Such person as the Board of Directors may have designated or, in the absence of such a person, the Chairman of the Board of Directors or, in his or her absence, such person as may be chosen by the holder of the Class A Membership, shall call to order any meeting of the members and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman appoints.

Section 7. Conduct of Business.

The chairman of any meeting of members shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order.

Section 8. Written Consent of Members in Lieu of Meeting.

Except as otherwise provided in the Certificate of Incorporation, any action required to be taken at any annual or special meeting of members of the Corporation, or any action which may be taken at any annual or special meeting of the members, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the number of members that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of members are recorded. Delivery made to the Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each member who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the date the earliest dated consent is delivered to the Corporation, a written consent or consents signed by a sufficient number of members to take action are delivered to the Corporation in the manner prescribed in the first paragraph of this Section.

ARTICLE III--BOARD OF DIRECTORS

Section 1. General. The Board of Directors shall be comprised of such persons, who shall be subject to such qualifications, shall be appointed in such manner and shall have and exercise such powers, as provided in the Certificate of Incorporation.

Section 2. Quorum. A majority of the total number of directors then in office shall constitute a quorum of the Board of Directors.

Section 3. Attendance at Board Meetings.

Members of the Board of Directors or any committee who are physically present at a meeting of the Board of Directors or any committee may adopt as the procedure of such meeting that, for quorum purposes or

otherwise, any member not physically present but in continuous communication with such meeting shall be deemed to be present. Continuous communication shall exist only when, by conference telephone or similar communications equipment, a member not physically present is able to hear and be heard by each other member deemed present, and to participate in the proceedings of the meeting.

Section 4. Regular Meetings.

The Board of Directors shall hold regular meetings at such times as the Board of Directors may determine from time to time.

Section 5. Special Meetings.

Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors or the President, and shall be called by the Secretary upon the written request of three Directors. The Secretary shall give at least one hour's notice of such meetings either by announcement on Change or by call letter.

Section 6. Certain Rights and Restrictions.

The right of any person to vote, participate or take any action in any capacity as a member of the Board of Directors or any committee, panel or other body shall be subject to such requirements and restrictions as may be provided herein, in the Certificate of Incorporation and in the Rules and Regulations.

ARTICLE IV--COMMITTEES AND DEPARTMENTS

Section 1. General.

To the fullest extent permitted by law and the Certificate of Incorporation, the Board of Directors shall have the power to appoint, and to delegate authority to, such committees of the Board of Directors as it determines to be appropriate from time to time.

Section 2. Additional and Standing Committees.

In addition to such committees as may be authorized by the Board of Directors from time to time, the Corporation shall have such additional and standing committees, which shall be comprised of such persons having such powers and duties, as provided in the Rules and Regulations. Any person may be disqualified from serving on or participating in the affairs of any committee to the extent provided in the Rules and Regulations.

Section 3. Departments.

The Corporation shall have such departments as are authorized in or in accordance with the Rules and Regulations.

ARTICLE V--OFFICERS

Section 1. General.

The Corporation shall have such officers, with such powers and duties, as provided herein and in the Certificate of Incorporation.

Section 2. Chairman of the Board.

The Chairman of the Board of Directors of CBOT Holdings, Inc. shall, whenever he or she is serving as a member of the Board of Directors of the Corporation, be the Chairman of the Board of Directors of the Corporation.

Section 3. President.

The President shall be the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board of Directors, he or she shall have the responsibility to carry on the day to day activities of the Corporation, subject to the Board's authority to review the activities of the President and determine the policies of the Corporation, and for the general management and control of the business and affairs of the Corporation and shall perform all duties and have all powers which are commonly incident to the office of chief executive and which are delegated to him or her from time to time by the Board of Directors.

Section 4. Officers Other Than President.

The Board of Directors shall appoint such Vice Presidents as it may deem necessary or desirable for the efficient management and operation of the Corporation. The Executive Vice President and any other Vice Presidents shall be responsible to the President. The Board of Directors shall also appoint such other officers as may be necessary. The Board of Directors may prescribe the duties and fix the compensation of all such officers and they shall hold office during the will of the Board of Directors.

Section 5. Bonding of Employees.

The President, Secretary, Assistant Secretary, Treasurer and Assistant Treasurer shall be placed under bond of \$50,000 each, premiums to be paid out of the general funds of the Corporation; and such other employees of the Office of the Secretary, who handle funds of the Corporation, shall be bonded in the sum of \$5,000 each, premiums to be paid out of the general funds of the Corporation.

Section 6. Secretary.

The Secretary shall perform such duties as may be delegated to him or her by the Board of Directors or the President. In addition he or she shall be charged with the following specific duties:

(a) To take charge of the books, papers, and corporate seal of the Corporation;

(b) To attend all meetings of the Corporation and the Board of Directors, and to keep official records thereof;

(c) To give notices when required of all Board of Directors and membership meetings;

(d) To conduct the correspondence of the Corporation under the direction of the proper officers;

(e) To furnish to the Chairman of every Special Committee a copy of the resolution whereby such Committee was created;

(f) To post all notices which may be required to be posted upon the bulletin board;

(g) To keep his or her office open during usual business hours;

(h) To see that the rooms and property of the Corporation are kept in good order;

(i) To attest, upon behalf of the Corporation, all contracts and other documents requiring authentication;

(j) To permit members to examine the records of the Corporation upon reasonable request; and

(k) To post on the bulletin board from time to time the names of all warehouses, the receipts of which are declared regular for delivery, and also, upon direction of the Board of Directors, to post any fact tending to impair the value of receipts issued by such warehouses.

Section 7. Assistant Secretaries.

Assistant Secretaries shall perform such duties as the Secretary or the Board of Directors may require, and shall act as Secretary in the absence or disability of the Secretary.

Section 8. Treasurer.

The Treasurer shall have general charge of all funds belonging to the Corporation, and shall be charged with the following specific duties:

(a) The Treasurer shall receive from the Secretary deposit of funds belonging to the Corporation. Checks in amounts over \$10,000 shall be signed by either the President, the Chief Financial Officer, the Treasurer, the Secretary or the Assistant Secretary and countersigned by the Chairman of the Board of Directors, a Vice Chairman of the Board of Directors or one (1) of the three (3) other elected members of the Executive Committee;

(b) To make an annual report to the Corporation of all receipts and disbursements; and

(c) To keep all of his or her accounts in permanent books of account belonging to the Corporation, which books shall at all times be open to the examination of the Board of Directors or any committee thereof.

Section 8. Assistant Treasurer.

The Assistant Treasurer shall perform such duties as the Treasurer or the Board of Directors may require, and shall act as Treasurer in the absence or disability of the Treasurer.

ARTICLE VI--NOTICES

Section 1. Notices.

Except as otherwise specifically provided herein or required by law, all notices required to be given to any member, director, committee member, officer, employee or agent shall be in writing and may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mails, postage paid, or by sending such notice by prepaid telegram or mailgram. Any such notice shall be addressed to such member, director, committee member, officer, employee or agent at his or her last known address as the same appears on the books of the Corporation. The time when such notice is received, if hand delivered, or dispatched, if delivered through the mails or by telegram or mailgram, shall be the time of the giving of the notice.

Section 2. Waivers.

A written waiver of any notice, signed by a member, director, committee member, officer, employee or agent, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such member, director, committee member, officer, employee or agent. Neither the business nor the purpose of any meeting need be specified in such a waiver.

ARTICLE VII--MISCELLANEOUS

Section 1. Facsimile Signatures.

Facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 2. Corporate Seal.

The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

Section 3. Reliance upon Books, Reports and Records.

Each director and each member of any committee designated by the Board of Directors, shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 4. Fiscal Year.

The fiscal year of the Corporation shall be as fixed by the Board of Directors from time to time.

Section 5. Time Periods.

Except as otherwise specifically provided, in applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE VIII--INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification.

Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director, officer, committee member or employee of the Corporation or is or was serving at the request of the Corporation as a Director, officer, trustee, committee member or employee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a Director, officer, trustee, committee member or employee or in any other capacity while serving as a Director, officer, trustee, committee member or employee, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article VIII with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

Section 2. Right to Advancement of Expenses.

The right to indemnification conferred in Section 1 of this Article VIII shall include the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a Director or officer (and not in any other capacity in which service was or is rendered by such indemnitee,

including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections 1 and 2 of this Article VIII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a Director, officer, committee member or employee and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

### Section 3. Right of Indemnitee to Bring Suit.

If a claim under Section 1 or 2 of this Article VIII is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its members) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its members) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VIII or otherwise shall be on the Corporation.

### Section 4. Non-Exclusivity of Rights.

The rights to indemnification and to the advancement of expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, Bylaws, agreement, vote of members or disinterested Directors or otherwise.

### Section 5. Insurance.

The Corporation may maintain insurance, at its expense, to protect itself and any Director, officer, committee member or employee of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

### Section 6. Indemnification of Agents of the Corporation.

The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

Section 7. Corporation Defense Expenses.

Any member or member firm who fails to prevail in a lawsuit or any other type of legal proceeding instituted by that member or member firm against the Corporation or any of its officers, Directors, committee members, employees or agents must pay to the Corporation all reasonable expenses, including attorney's fees, incurred by the Corporation in the defense of such proceeding. Any member or member firm required to compensate the Corporation pursuant to this section shall be assessed interest on such amount at the rate of Prime plus one percent (1%), which interest shall accrue from the date such amount was demanded in writing after the member or member firm failed to prevail in a lawsuit or any other type of legal proceeding against the Corporation.

ARTICLE IX--AMENDMENTS

The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation. The holders of Series B-1 and Series B-2, Class B memberships in the Corporation shall also have power to adopt, amend or repeal the Bylaws of the Corporation; provided, however, that any adoption, amendment or repeal of the Bylaws of the Corporation by the holders of Series B-1 and Series B-2, Class B memberships shall require the affirmative vote of a majority of the votes cast on any such properly presented proposal at any annual or special meeting of the members of the Corporation.

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Board of Trade of the City of Chicago, Inc.

Rules and Regulations

, 2003

These Rules and Regulations shall take effect at the effective time (the "Effective Time") of the Amended and Restated Certificate of Incorporation (as amended from time to time, the "Certificate of Incorporation") of Board of Trade of the City of Chicago, Inc. (the "Corporation") to be filed with the Secretary of State of the State of Delaware in connection with the merger of the Corporation and the demutualization and restructuring thereof (the "Restructuring") as described in the Registration Statement filed with the Securities and Exchange Commission in connection with the Restructuring.



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Ch1 Committees

157.00 Business Conduct Committee - (See 542.00) (08/01/94)

158.00 Floor Governors Committee - (See 543.00) (08/01/94)

159.00 Membership Committee - All applications for membership shall be referred to the Membership Committee. The Membership Committee, in its discretion, may require an applicant who resides in the continental United States to appear in person for an examination either before the full committee, a duly authorized subcommittee thereof, or a representative of the Member Services Department. The Committee may also impose different requirements for other applicants in lieu of personal appearance.

The Membership Committee may, at its discretion, require the personal appearance and examination of the sponsor. The Membership Committee, by a majority vote of its members present at a duly constituted meeting, shall approve or deny the admission of the applicant to membership. A decision of the Membership Committee to deny the application may be appealed to the Regulatory Compliance Committee. 102 (07/01/01)

159.01 Membership Committee Panels - The Chairman of the Membership Committee may appoint panels of Committee members to hold duly constituted meetings, in accordance with Rule 159.00, for the purpose of approving or denying applications for membership. Any such panel must consist of not fewer than three members of the Committee. (08/01/94)

160.00 Committee of Arbitration; Committee of Appeals - (See 600.00) (08/01/94)

Chl Committees  
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163.00 Investigating Committee - (See 541.00) (08/01/94)

165.01 Regulatory Compliance Committee - The Chairman of the Board, with the approval of the Board, shall appoint a Regulatory Compliance Committee, which shall be comprised of the following voting members:

- Three members of the Board, all of whom shall be Full Members or Associate Members; and
- The chairmen of the Arbitration, Business Conduct, Financial Compliance, Floor Conduct, Floor Governors and Membership Committees.

Each year the Chairman of the Board shall appoint, from among the Board members on the Committee, the Chairman of the Regulatory Compliance Committee for a one-year term, provided that the term of the first Committee chairman so appointed shall expire in January 1995.

The Regulatory Compliance Committee shall be responsible for (a) the approval of legislative priorities and responses to legislative and regulatory initiatives; (b) the determination of membership capital requirements; (c) the establishment of risk management policies; (d) the establishment of membership criteria; (e) hearing appeals from denials of membership applications; (f) the monitoring of compliance policies; and (g) establishing ranges for penalties and fines for violations of the Rules and Regulations of the Association.

The Committee shall instruct the Office of Investigations and Audits to administer a statement of Member's Rights to each member (or employee of a member) who is the subject of an investigation. (See below.)

Members of the Committee shall be appointed by the Chairman of the Board with the approval of the Board. The Chairman of the Board, with the approval of the Board, shall fill any vacancy in the Board members serving on the Committee by appointing another member of the Board to serve on the Committee.

STATEMENT OF MEMBER'S RIGHTS  
APPURTENANT TO EXCHANGE PROCEEDINGS

The Chicago Board of Trade ("Exchange" or "CBOT") is a self-regulatory organization subject to supervisory regulation of the Commodity Futures Trading Commission ("CFTC"). In order to fulfill its self-regulatory obligations the Exchange is required by the CFTC to undertake certain surveillance activities and to maintain an enforcement staff that prosecutes possible violations of Exchange rules before Exchange committees. At the CBOT these responsibilities are carried out by the Office of investigations and Audits ("OIA") pursuant to CBOT Regulations 170.01 and 170.02.

Investigations may be initiated by staff, members, the CFTC of the public. When an investigation is completed, an Investigations Report concerning the alleged violation is prepared and submitted to the appropriate Exchange disciplinary committee for review and action. An Investigation Report is a privileged document and not subject to disclosure, although the essential elements of an Investigative Report include a summary of the case and evidence gathered by OIA, along with an OIA recommendation on whether to proceed.

A member, member firm or any other person subject to questioning during an investigation is afforded the following rights, in addition to those rights contained in Chapter 5 of the Exchange Rulebook:

- 1) The right to be represented by counsel during questioning and at any subsequent proceeding before an Exchange committee. Regulation 540.03(g).
- 2) The right to be informed of the general act or conduct which is the subject of the investigation, in so far as is determinable at the time of questioning.
- 3) The right not to answer any question, if the answer would convict or tend to convict the person of any State or Federal law. Rule 548.00.
- 4) The right to examine any statements or documents which are relevant to the issued charges, excluding privileged work product and the Investigative Report. Regulation 540.03(a).
- 5) The right to call relevant witnesses at any hearing and, for those witnesses within the jurisdiction of the Association, compel their attendance.
- 6) The right of one peremptory (for no reason) challenge to the presence of a member of an Exchange disciplinary committee impaneled to hear the matter and unlimited challenges for cause.

In addition, members, member firms or any other persons subject to questioning during an investigation should be aware that Section 9(a)(4) of the Commodity Exchange Act makes it a felony to willfully falsify or conceal a material fact, to make a false, fictitious or fraudulent statement, or to knowingly make or use a false document to any representative of the Exchange, including OIA employees, who are performing their official duties.

I hereby acknowledge that I have read this Statement of Member's Rights this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

## Ch1 Departments

170.01 Office of Investigations and Audits - Under authority of Rule 170.00 there is established a Department of the Association to be known as the Office of Investigations and Audits. The Office shall function under the supervision of an individual who shall be at least a Vice President of the Association. The Office of Investigations and Audits shall initiate and conduct investigations and audits on behalf of the President and Chief Executive Officer and on behalf of the Association. No employee of such office shall have any interest in the business of any member, member firm, or other person with trading privileges. The individual who supervises such Office shall function also as a liaison officer between the Business Conduct Committee and the Financial Compliance Committee and the Commodity Futures Trading Commission. 1785 (08/01/94)

170.02 Office of Investigations and Audits - All officers, committees and departments of the Association shall be entitled to use and shall make the fullest possible use of the services provided by the Office of Investigations and Audits consistent with their respective responsibilities and special needs, and the President shall work out and establish policies and procedures governing the initiation and handling of needed investigations, audits and Exchange business. All such policies and procedures shall be consistent with and not in conflict with the following declared policies of the Board:

- (a) All information obtained by the Office of Investigations and Audits regarding market positions and identity of traders shall be considered confidential, regardless of source, and shall be disclosed only to the Chairman or acting Chairman of the Business Conduct Committee and/or the Financial Compliance Committee, and authorized Exchange employees, and shall be disclosed to the Business Conduct Committee and/or the Financial Compliance Committee sitting as a committee when and after the individual in charge of the Office of Investigations and Audits or the Chairman or acting Chairman of the Business Conduct Committee and/or the Financial Compliance Committee shall have reason to believe that such Committee would or should take preventive or disciplinary action if such information were presented to it. This shall not preclude the Business Conduct Committee and/or the Financial Compliance Committee from ordering investigations or audits to be made at any time for the special purpose of obtaining information regarding the market position and identity of any trader or traders, and in such cases the Office of Investigations and Audits shall report fully and completely to the Committee any and all such information so obtained or in its possession.
- (b) It shall be considered a breach of trust for any employee of the Office of Investigations and Audits or authorized Exchange employees to divulge, or allow or cause to be divulged, to any unauthorized person, any confidential, commercially sensitive, or non-public information, including any information regarding the market position, financial condition, or identity of any trader or firm or to disclose the name of any customer of one firm to any other firm, except as provided for in paragraph (a) hereof or when required in connection with disciplinary proceedings or other formal proceedings or actions of a duly authorized committee of the Association or of the Board, or in response to a duly authorized subpoena, or in response to a request or demand by any administrative or legislative body of government having jurisdiction of the subject matter and authority to obtain the information requested, or on behalf of the Association in any proceeding authorized by the Board of Directors. Such information shall not be divulged by any employee of the Office of Investigations and Audits or authorized Exchange employee without the prior approval of the individual responsible for supervision of the Office of Investigations and Audits. 1786 (07/01/02)

170.03 Department of Member Services - Under the authority of Rule 170.00 there is established a Department of Member Services. The function of such Department shall be (1) to act in accordance with Regulations of the Board and policies and procedures established by the Membership Committee and (2) to develop and process information in behalf of the Board, the Membership Committee, the Business Conduct Committee and all other Committees and Departments of the Association. The services of such Department shall not, however, be used in connection with the investigation of market positions nor shall it demand information from which knowledge of market

ChI Departments  
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positions could be obtained. The Department shall function under the supervision of a Vice President who shall be a full time employee of the Association. No employee of such Department shall have an interest in the business of any member or member firm. 1787 (08/01/94)

170.04 Department of Member Services - Any irregularities that may be found by the Department incidental to its routine analysis of financial statements shall be immediately reported to the Financial Compliance Committee. Except as otherwise provided, all financial information obtained by the Department shall be considered confidential and shall be disclosed only to the appropriate committee or department requesting the information or to an Officer of the Association. 1788 (08/01/94)

170.05 Department of Member Services - The Board, Committees and Departments of the Association shall make the fullest possible use of the services provided by the Department of Member Services consistent with their respective responsibilities and special needs, and in cooperation with such Department shall work out and establish policies and procedures governing the use of such services. 1789 (08/01/94)

170.07 Market Report Department - The records and reports of the Market Report Department shall be considered and treated as portions of the official records of the Association and may not be given out or disseminated except pursuant to the conditions and restrictions prescribed by these Regulations.

The Exchange shall have charge of all matters relating to collection, dissemination, and use of quotations in connection with commodities or securities. It shall have the power to approve or disapprove any application for quotation service to a non-member or to telephonic or telegraphic wire or wireless connection between the office of a member or a member's firm and the office of any corporation, firm, or individual not a member of the Association transacting a banking or brokerage business and it shall have power at any time to disapprove the furnishing of any such quotation service or any such wire or wireless connection and to require the discontinuance thereof. It may inquire into wire or wireless connections of every kind whatsoever between the office of a member and any member or non-member, and may require the discontinuance of any such connection. 1030 (08/01/94)

Ch1 General

180.00 Emergencies

- (a) The Board, upon the affirmative vote of two-thirds of the members voting at a meeting where a quorum is deemed present and at least one-third of the full Board is physically present, may adopt an emergency Regulation or Resolution which shall supersede and supplant all contrary or inconsistent Rules, Regulations, Resolutions or Rulings. Notice of the adoption of an emergency Regulation or Resolution shall be posted promptly on the floor of the Exchange.
- (b) An emergency Regulation or Resolution shall expire upon the happening of any of the following events:
  - (i) the Board shall have voted to rescind the emergency Regulation or Resolution in the same manner as for its adoption;
  - (ii) the Commodity Futures Trading Commission shall have failed to authorize the extension of the emergency Regulation or Resolution within thirty (30) days after its adoption for a period not to exceed sixty (60) additional days; or
  - (iii) the Board or the Members of the Association shall have failed to adopt the emergency Regulation or Resolution in accordance with Rules 107.00 or 132.00 during the time period when the emergency is in effect.
- (c) All Exchange contracts shall be subject to the exercise of these emergency powers by the Board as well as the exercise by the Clearing House of the powers reserved to it by its charter, bylaws and resolutions.
- (d) The Term "emergency" shall include all emergency circumstances now or hereafter referenced in the Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission thereunder, and all other circumstances in which an emergency can lawfully be declared by the Board.
- (e) Except as otherwise stated in an emergency Regulation or Resolution adopted hereunder, the powers exercised by the Board under this Rule shall be in addition to and not in derogation of the authority granted by the Rules and Regulations to a committee or officer of the Association to take action as specified therein. (08/01/94)

180.01 Physical Emergencies - In the event the physical functions of the Association are, or are threatened to be, severely and adversely affected by a physical emergency such as but not limited to fire or other casualty, bomb threats, substantial inclement weather, power failures, communications or automated system breakdowns, or transportation breakdowns, either the Chairman, the President, or in their absence a member of the Executive Committee or another officer of the Exchange, is authorized to take such action as he shall deem necessary or appropriate to deal with such emergency including but not limited to suspending trading, provided that no trading suspension shall continue for more than five days without the approval of the Board under Rule 180.00; restoring trading; temporarily extending, limiting or changing the hours of trading; and extending the last day of trading and the delivery dates for expiring contracts. In addition, an officer of the Exchange, or his designee, may take such action as he shall deem necessary or appropriate to deal with a physical emergency, even if the Chairman and the President are not absent, if such authority has been delegated by the Chairman and the President. (06/01/00)

180.02 Emergency Actions Under Rule 180.00 - Pursuant and subject to the provisions of Rule 180.00, the Board may take or direct such actions as it deems necessary or appropriate to meet an emergency, including but not limited to such actions as:

- (a) limited trading to liquidation only, in whole or in part;
- (b) limited trading to liquidation only, except new sales for delivery;
- (c) extending or shortening the time for the expiration of trading;
- (d) extending the time for delivery;

- (e) ordering liquidation of contracts;
- (f) ordering the fixing of settlement prices;
- (g) ordering the reduction of positions;
- (h) ordering the transfer of positions, and the money, securities and property securing such positions, held on behalf of customers by a member, to another member or members willing to assume such positions;
- (i) extending, limiting or changing the hours of trading;
- (j) suspending trading;
- (k) changing or removing daily price fluctuation limits;
- (l) modifying or suspending any of the Rules and Regulations. (08/01/94)

188.01 Governing Members Possessing Material, Non-Public Information - - No member of the Association who is a member of the Board of Directors or a Committee of the Association knowingly shall use or disclose, for any purpose other than the performance of such member's official duties as a member of the Board of Directors or any such Committee, material, non-public information obtained as a result of such member's participation on the Board of Directors or any such committee. (08/01/94)

188.02 Service on Board of Directors, Disciplinary Committees, Oversight Committees and Arbitration Panels - No person shall serve on any disciplinary committee (i.e., Appellate Committee, Business Conduct Committee, Financial Compliance Committee, Floor Governors Committee, Floor Conduct Committee or Hearing Committee), oversight committee (i.e. Regulatory Compliance Committee), arbitration panel or the Board of Directors of the Association:

- 1) who is found by a final decision or settlement agreement (or absent a finding in the settlement agreement if any acts charged included a disciplinary offense) to have committed a disciplinary offense, as defined in Commodity Futures Trading Commission ("Commission") Regulation 1.63 (a) (6); or
- 2) whose Commission registration in any capacity has been revoked or suspended; or
- 3) who is subject to an agreement with the Commission or any self-regulatory organization not to apply for registration; or
- 4) who is subject to a denial, suspension or disqualification from serving on a disciplinary committee,



oversight committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in Section 3(a)(26) of the Securities Exchange Act of 1934; or

- 5) who has been convicted of any felony listed in Section 8a(2) (D) (ii) through (iv) of the Commodity Exchange Act;

for a period of three years from the date of such final decision or for such time as the person remains subject to any suspension, expulsion or has failed to pay any portion of a fine imposed for committing a disciplinary offense, whichever is longer.

All terms used herein shall be defined consistent with Commission Regulation 1.63(a). (11/01/94)

#### 188.03 Exchange Liability -

- A. Except as provided in the Commodity Exchange Act and/or the regulations of the Commodity Futures Trading Commission, and except in instances where there has been a finding of willful or wanton misconduct, gross negligence, bad faith or fraudulent or criminal acts, in which case the party found to have engaged in such misconduct cannot invoke the protection of this provision, neither the Exchange nor any of its directors, officers, employees, agents or consultants shall have or incur any liability whatsoever to its members, any persons associated therewith, their customers or any third parties related thereto or their successors, assigns, or representatives, for any loss, damage, cost, claims or expense (including but not limited to indirect, incidental or consequential damages) that arise out of the use or enjoyment of the facilities or services afforded by the Exchange, any interruption in or failure or unavailability of any such facilities or services, any action taken or omitted to be taken with respect to the business of the Exchange or any information or data provided or withheld by the Exchange. Such limitation of liability shall apply to all claims, whether in contract, tort, negligence, strict liability or otherwise.

The Exchange makes no warranty, express or implied, as to the results to be obtained by any person or entity from the use of any data or information transmitted or disseminated by or on behalf of the Exchange. The Exchange makes no express or implied warranties of merchantability or fitness for a particular purpose or use with respect to any data or information transmitted or disseminated by or on behalf of the Exchange.

- B. Subject to the limitations set forth above, neither the Exchange nor any of its directors, officers, employees, agents or consultants shall have or incur any liability whatsoever to its members, their customers or any third parties associated therewith, or their successors, assigns, or representatives, for any loss, damage, cost or expense (including but not limited to indirect, incidental or consequential damages) incurred by members or customers as a result of any failure, malfunction, fault, delay, omission, inaccuracy, interruption or termination of service in connection with the furnishing, performance, operation, maintenance or use of or inability to use all or any part of any Exchange systems. Such limitation of liability shall apply regardless of the cause of such systems failure even if due to Exchange error, omission or negligence. Further, such limitation of liability shall apply to all claims, whether in contract, tort, negligence, strict liability or otherwise.

Additionally, the Exchange, its directors, officers, employees, agents or consultants shall have or incur absolutely no liability whatsoever for any errors or inaccuracies in information provided by any Exchange systems or for any losses resulting from unauthorized access or any other misuse of any Exchange systems by any person.

- C. As used in this regulation, the term "systems" includes, but is not limited to, electronic order entry/delivery, trading through any electronic means, electronic communication of market data or information, workstations used by members and authorized employees of members, price reporting systems and any and all terminals, communications networks, central computers, software, hardware, firmware and printers relating thereto.
- D. As used in this regulation, the term "Exchange" shall mean the Board of Trade of the City of Chicago, as well as any entity in which the Board of Trade is now or will become a general partner, a member, or a shareholder, including but not limited to Ceres Trading Limited Partnership, C.B.T. Corporation, and Chicago Board Brokerage, Inc. (08/01/97)

(a) Relationship with a Named Party in Interest

(1) Nature of Relationship. A member of the Board of Directors, the Executive Committee, the Regulatory Compliance Committee, the Appellate Committee, the Hearing Committee, the Business Conduct Committee, the Floor Governors Committee, the Financial Compliance Committee, or the Floor Conduct Committee must recuse himself from such body's deliberations and voting on any matter involving a person or entity that is identified by name as a subject of the matter ("named party in interest"), except with regard to summary penalties for violating rules relating to decorum, attire, floor recordkeeping or submission of trade data to the Clearing House, where such member:

- (i) is the named party in interest;
- (ii) has a family relationship with the named party in interest. A family relationship includes the member's spouse, former spouse, parent, child, sibling, grandparent, grandchild, uncle, aunt, nephew, niece or in-law;
- (iii) is an employer, employee, or fellow employee of the named party in interest; or
- (iv) has a direct and substantial financial relationship with the named party in interest, but not including relationships limited to executing futures or options transactions opposite each other.

When a CTR violation is not treated as a summary offense, and the preliminary penalty is not more than \$5,000, a member of the CTR Subcommittee or the Business Conduct Committee must only recuse himself from deliberations and voting on the recommendation, issuance or settlement of charges against a member firm if the committee member is a principal or employee of that member firm.

(2) Recusal. Prior to the consideration of any matter involving a named party in interest, each member who believes that he has a relationship of the type specified in section (a)(1) of this Regulation must voluntarily recuse himself from deliberations and voting on the matter. If the member is not sure if his relationship meets the criteria specified in section (a)(1), he must disclose the relationship to the designated Exchange staff liaison who will determine whether recusal is required based on the information provided by the member.

(b) Financial Interest in an Emergency Action

- (1) Nature of Interest. A member of the Board of Directors, the Executive Committee, or the Business Conduct Committee must recuse himself from such body's deliberations and voting with regard to recommending or taking action to address an emergency, as defined in CFTC Regulation 40.1, if the member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the action.
- (2) Recusal. Prior to the consideration of an emergency action, each member who believes that he has such a financial interest must voluntarily recuse himself from deliberations and voting on the matter, except as provided in section (c). If the member is not sure if a financial interest, of which he has knowledge, is direct and substantial, he must disclose the interest to the designated Exchange staff liaison who will determine whether recusal is required based on the information provided by the member.

In determining whether a financial interest is direct and substantial, a member should consider the following positions:

- (a) those held in accounts in which he has an ownership interest;
- (b) those held in accounts for which he directs trading;
- (c) those which he knows are held in proprietary accounts of any firm of which he is an employee or principal, as defined in CFTC Regulation 3.1(a); and
- (d) those which he knows are held in customer accounts of any firm of which he is an employee or principal.

(c) Participation in Deliberations

A member of the Board of Directors, the Executive Committee, or the Business Conduct Committee may participate in deliberations prior to a vote to recommend or take emergency action, from which he otherwise would be required by section (b) (2) to recuse himself, if the deliberating body determines that such participation is necessary for such body to achieve a quorum in the matter, or if the member has unique or special expertise, knowledge or experience in the matter. If such a member participates in deliberations, he must recuse himself from voting on the matter.

(d) Business Conduct Committee Surveillance of Expiring Contracts

A member of the Business Conduct Committee must recuse himself from the Committee's deliberations and voting with regard to all matters relating to its surveillance of expiring futures contracts, except with regard to recommending or taking action to address an emergency, which is governed by paragraph (b) above,

if the member personally owns or controls positions in the expiring futures contract or in its corresponding options contract.

(e) Documentation

The Board of Directors or the relevant committee must reflect in its minutes: (a) the names of all members who attended the meeting in person or who otherwise were present by electronic means, and (b) the names of any members who recused themselves from deliberating or voting on any matter.

\* Note: Members of the Board of Directors may be required to recuse themselves from deliberations and voting for other reasons or in other circumstances than those discussed above, as required by Delaware corporate law. (01/01/02)

188.05 Board's Interpretive Authority - The Board of Directors, pursuant to authority granted to it by Article I, Section 2 of the Amended and Restated Bylaws of the CBOT (the "Bylaws"), may from time to time adopt Interpretations of the Amended and Restated Certificate of Incorporation of the CBOT (the "Charter"), the Bylaws, which include the Rules of the CBOT, and Regulations of the CBOT in a manner that replicates, to the largest extent permissible under the Delaware General Corporation Law, the comparable provisions of the Special Charter, Rules and Regulations of the Board of Trade of the City of Chicago, except as otherwise set forth in the Chapter, Bylaws and Regulations. (10/01/00)

189.01 Limitation of Liability of Index Licensors or Administrators -

- A. No Index Licensor or Administrator shall have any liability for any loss, damages, claim or expense arising from or occasioned by any inaccuracy, error or delay in, or omission of or from, (i) any index or index information or (ii) the collection, calculation, compilation, maintenance, reporting or dissemination of any index or index information, resulting either from any negligent act or omission by the Exchange, any Related Entity or any Index Licensor or Administrator or from any act, condition or cause beyond the reasonable control of the Exchange, any Related Entity or any Index Licensor or Administrator, including, but not limited to, flood, extraordinary weather conditions, earthquake or other act of God, fire, war, insurrection, riot, labor dispute, accident, action of government, communications or power failure, or equipment of software malfunction.
- B. No Index Licensor or Administrator makes any express or implied warranty as to results that any person or party may obtain from using any index or index information, for trading or any other purpose. Each Index Licensor and Administrator makes no express or implied warranties, and disclaims all warranties of merchantability or fitness for a particular purpose or use, with respect to any such index or index information.
- C. For purposes of this regulation, "Related Entity" includes, but is not limited to, any subsidiary, affiliate or related partnership or entity of the Chicago Board of Trade, including without limitation, Ceres Trading Limited Partnership, MidAmerica Commodity Exchange, Board of Trade Clearing Corporation, the Clearing Corporation for Options and Securities, Chicago Board Brokerage, L.L.C., The CBBB Partnership (including its individual partners) and C-B-T Corporation.
- D. For the purpose of this regulation, "Index Licensor or (and) Administrator" includes, but is not limited to, any person who:
1. licenses to the Exchange the right to use (i) an index that is the basis for a futures or futures option contract made available for trading on or through the facilities of the Exchange or a Related Entity or (ii) any trademark or service mark associated with such an index;
  2. collects, calculates, compiles, reports and/or maintains such an index or index information relating to such an index;
  3. provides price data or evaluations used in the calculation of such an index including, but not limited to, the entities identified in Appendix 19 of these Rules and Regulations
  4. provides facilities for the dissemination of an index or index information; and/or
  5. is responsible for or participates in any of the activities described above. (04/01/98)

189.02 Limitation of Liability -

- A. Neither the Exchange nor any Related Entity shall have any liability for any loss, damages, claim or expense arising from or occasioned by any inaccuracy, error or delay in, or omission of or from, (i) any index or index information or (ii) the collection, calculation, compilation, maintenance, reporting or dissemination of any index or index information, resulting either from any negligent act or omission by the Exchange, any Related Entity or any Index Licensor or Administrator or from any act, condition or cause beyond the reasonable control of the Exchange, any Related Entity or any

Index Licensor or Administrator, including, but not limited to, flood, extraordinary weather conditions, earthquake or other act of God, fire, war, insurrection, riot, labor dispute, accident, action of government, communications or power failure, or equipment or software malfunction.

- B. Neither the Exchange nor any Related Entity makes any express or implied warranty as to results that any person or party may obtain from using any index or index information for trading or any other purpose. The Exchange and its Related Entities make no express or implied warranties, and disclaim all warranties of merchantability or fitness for a particular purpose or use, with respect to any such index or index information.
- C. Nothing in this regulation shall limit the applicability of the Commodity Exchange Act or the regulations of the Commodity Futures Trading Commission.
- D. For purposes of this regulation, "Related Entity" includes, but is not limited to, any subsidiary, affiliate or related partnership or entity of the Chicago Board of Trade, including without limitation, Ceres Trading Limited Partnership, MidAmerica Commodity Exchange, Board of Trade Clearing Corporation, the Clearing Corporation for Options and Securities, Chicago Board Brokerage, L.L.C., The CBBB Partnership (including its individual partners) and C-B-T Corporation.
- E. For the purpose of this regulation, "Index Licensor or (and) Administrator" includes any person who:
  - 1. licenses to the Exchange the right to use (i) an index that is the basis for a futures or futures option contract made available for trading on or through the facilities of the Exchange or a Related Entity or (ii) any trademark or service mark associated with such an index;
  - 2. collects, calculates, compiles, reports and/or maintains such an index or index information relating to such an index;
  - 3. provides price data or evaluations used in the calculation of such an index including, but not limited to, the entities identified in Appendix 19 of these Rules and Regulations;
  - 4. provides facilities for the dissemination of an index or index information; and/or
  - 5. is responsible for or participates in any of the activities described above. (04/01/98)

Resolution - The following Resolution was adopted by the Board of Directors  
on June 24,1987:

WHEREAS, the Board of Trade of the City of Chicago ("Board of Trade") has consistently followed a policy of trading options contracts on all liquid futures contracts to the maximum extent permitted by federal law and regulation; and

WHEREAS, it is the unanimous consensus of this Board of Directors that options on futures contracts have proven to be a successful product of great benefit to both the membership and public market participants; and

WHEREAS, the Board of Directors this day approved and recommended for membership approval an agreement to establish a joint venture with the Chicago Board Options Exchange which includes commitments regarding future trading on options on futures contracts;

THEREFORE, BE IT HEREBY RESOLVED: That it is the unanimous consensus of this Board of Directors and the recommendation of this Board to future Boards of Directors that the policy of establishing options on liquid futures contracts to the maximum extent permissible by law be continued when in the best interest of the membership and the public.

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Ch2 Applicants

200.00 Applicants for Membership - Any individual, other than an employee of the Association, at least twenty-one years of age, of good character, reputation, financial responsibility and credit who satisfies the Membership Committee that such individual is suitable to assume the responsibility and privileges of membership shall be eligible. 100 (08/01/94)

201.00 Application for Membership - Each application for membership shall be in writing and filed with the Exchange together with the names of one member sponsor. All applicants for membership shall be investigated as to the representations contained in the application. Upon receipt of the application for membership, the Secretary shall, within fifteen days thereafter, make available to members of the Association the name of the applicant and of the sponsor, and shall post the same information on the bulletin board for a period of at least ten days after such notification to the Membership.

The foregoing provisions do not apply to those applicants seeking to become Full Members or Full Member Delegates of the Exchange solely for the purpose of becoming regular members of the Chicago Board Options Exchange ("CBOE") pursuant to Rule 210.00 and Article FIFTH(b) of the CBOE's Certificate of Incorporation. Such applicants need only submit an application in writing in the form and manner prescribed by the Exchange. 101 (07/01/01)

201.00A Examination Requirement - Individuals applying for membership, who have not evidenced a broad experience in the commodity industry, will be required to pass a general futures examination covering the basics of the commodity industry before their membership application can be approved. 47R (12/01/02)

201.01 Responsibilities of Applicant for Membership and His Sponsors - Any undue delay by an applicant or his sponsors in the submission of documents required for processing of the membership application or any undue delay by the applicant or his sponsors in appearing may be deemed as a withdrawal of the membership application. 1807A (08/01/94)

201.01A Sponsoring Applicants for Membership - When the Exchange considers the qualifications of applicants for membership in the Chicago Board of Trade, it relies to a large extent upon the statements of members who are sponsoring the applicant.

Sponsorship, therefore, entails considerable responsibility; and the Exchange feels that such responsibility is not met when a member recommends for membership an individual whom the member sponsor does not know to be fully qualified. Such sponsorship is of no assistance whatever to the Exchange and only results in the rejection of the sponsorship-often to the embarrassment of both the applicant and the sponsor.

The Exchange requires that an applicant have one sponsor.

- - For applicants who will not have a primary clearing member ("PCM") firm, the sponsor must be either: (1) a registered member, partner or officer of a CBOT(R) member firm; or (2) a member who has been acquainted with the applicant for a period of at least ninety days.
- - For applicants who will have a PCM, the member sponsor must be a registered member, partner or officer of the applicant's PCM.

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In every case it is imperative that a sponsor make a thorough investigation of the applicant and be fully informed regarding the applicant's character, integrity, financial standing and business history.

21R (12/01/02)

201.02 Maintenance of Membership Qualifications

1. Each applicant for membership, in accordance with the provisions of Regulation 203.01, member and member firm immediately shall notify the Association, in writing, upon the occurrence of any of the following events:

- Such member's suspension or expulsion from any other contract market or self-regulatory organization;
- Such member's plea of guilty to or conviction of any felony.

Failure to so notify the Association within ten days shall be an act detrimental to the Association. For the purpose of this regulation, "felony" shall mean any criminal sanction that is punishable by imprisonment of more than a year or a fine in excess of \$10,000.

Upon the Association's receipt of notification, by whatever means, of the occurrence of any of the above-referenced events, the matter shall be referred to the Membership Committee, which immediately shall review the matter to determine if there is sufficient basis to recommend that membership status be reconsidered. The Membership Committee shall advise the Chairman of the Association of its determinations in this regard.

2. The Chairman of the Association, upon the advice of the Membership Committee, is authorized to take summary action pursuant to this regulation, when immediate action is necessary to protect the best interests of the marketplace, without affording prior opportunity for hearing. The following procedures shall apply to such actions:

(a) The respondent shall, whenever practicable, be served with a notice before the action is taken. If prior notice is not practicable, the respondent shall be served with a notice at the earliest possible opportunity. The notice shall:

- (1) State the action,
- (2) Briefly state the reasons for the action, and
- (3) State the effective time and date and the duration of the action;

(b) The respondent shall have the right to be represented by legal counsel or any other representative of his choosing in all proceedings subsequent to any summary action taken;

(c) The respondent shall be given an opportunity for a subsequent hearing, within five business days, before the Membership Committee. The hearing shall be conducted in accordance with the following requirements:

- (1) The hearing shall be promptly held before disinterested members of the hearing body after reasonable notice to the respondent. No member of the hearing body may serve on that body in a particular matter if he or any person or firm with which he is affiliated has a financial, personal or other direct interest in the matter under consideration.
- (2) Formal rules of evidence need not apply, but the hearing shall not be so informal as to be unfair;
- (3) The respondent shall have the right to invoke Rule 548.00, if applicable;
- (4) The Member Services Department shall be a party to the hearing and shall present its case on those matters which are the subject of the hearing;
- (5) The respondent shall be entitled to appear personally at the hearing and to be represented by counsel;

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(6) The respondent shall be entitled to cross-examine any person(s) appearing as witness(es);

(d) Within five business days following the conclusion of the hearing, the Membership Committee shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall provide a copy to the respondent. The decision shall include:

- (1) A description of the summary action taken;
- (2) The reasons for the summary action;
- (3) A brief summary of the evidence produced at the hearing;
- (4) Findings and conclusions;
- (5) A determination that the summary action should be affirmed, modified, or reversed; and
- (6) A declaration of any action to be taken pursuant to the determination specified in (5) above and the effective date and duration of such action.

3. After the hearing conducted pursuant to Section 2(c) above is held before the Membership Committee, the following additional provisions shall apply.

The Regulatory Compliance Committee, pursuant to the provisions of Rule 540.00 and Regulation 540.05, shall consider the Membership Committee's findings and recommendations, as well as the record developed before the Membership Committee, at the next regularly scheduled meeting of the Regulatory Compliance Committee or at a meeting specially called by the Chairman as the Chairman may direct. The member under review shall have the opportunity to appear before and address the Regulatory Compliance Committee solely with regard to the record made before the Membership Committee; the Regulatory Compliance Committee shall not be required to entertain any new evidence absent a showing that such evidence could not reasonably have been presented previously to the Membership Committee. Upon full consideration of all the evidence before it, the Regulatory Compliance Committee may confirm the member's good standing status, restrict the member's membership status, deny the member's floor access, issue fines, or recommend to the Board of Directors that the member should be expelled or prohibited from association with any member or member firm.

4. The Regulatory Compliance Committee shall vote by secret ballot to take any action pursuant to this regulation. If two-thirds of the members present and voting cast votes in favor of such action, the action shall be adopted. (03/01/01)

202.00 Approval for Membership - If two-thirds of the Membership Committee present and voting cast affirmative votes, the applicant shall be approved. The power to deny such applications is expressly reserved to the Regulatory Compliance Committee. 103 (08/01/94)

202.01 Delegation of Authority to Approve Change in Status Request - The Chairman of the Membership Committee or a member of the Membership Committee who has been designated by the Membership Committee Chairman, or upon delegation by the Chairman, the Member Services and Member Firm Staff Service Department, will have the power to approve the request of a Full or Associate Member, a Membership Interest Holder or a Full Member of the MidAmerica Commodity Exchange to obtain additional Full or Associate Memberships, Membership Interests, or to change his or her delegate status. The power to deny such a request is expressly reserved to the Regulatory Compliance Committee.

For the purpose of this regulation, the Chairman may not delegate approval authority to the Member Services and Member Firm Staff Services Department when the following factors are present:

1. The applicant has answered affirmatively to any question in the "Disciplinary Action" section of the application;
2. The applicant has indicated on the application that he or she is indebted to any member or

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member firm;

3. The applicant has indicated that he or she has a negative net worth;  
or
4. The applicant has trading privileges on the MidAmerica Commodity  
Exchange only.

The foregoing provisions shall not apply to a Full Member or Full Member Delegate of the Exchange who was initially approved for membership pursuant to Regulation 202.01A, unless such applicant intends to become a Full Member or Full Delegate solely for the purpose of becoming a regular member of the Chicago Board Options Exchange ("CBOE") pursuant to Rule 210.00 and Article FIFTH(b) of the CBOE's Certificate of Incorporation. (11/01/99)

202.02 Procedures for Hearings on Preliminary Denials by the Membership Committee - In connection with all hearings conducted with respect to preliminary denials of applications for membership or any other denial by the Membership Committee, the following procedures shall be followed:

- (a) The respondent shall be entitled in advance of the hearing to examine all books, documents, or other tangible evidence in the possession or under the control of the Association upon which the Member Services and Member Firm Staff Services Department will rely in presenting the issue(s) contained in the Preliminary Denial Letter or which are relevant to that (those) issue(s). Respondent shall make its request to examine any materials by submitting it in writing to the Member Services and Member Firm Staff Services Department as soon as practicable. At least ten (10) business days in advance of the hearing, the respondent shall submit to the hearing officer, with a copy to the Member Services and Member Firm Staff Services Department, copies of all documents which the respondent intends to rely upon in presenting his or her case, as well as the names of any witnesses the respondent intends to call.
- (b) The Member Services and Member Firm Staff Services Department shall be entitled in advance of the hearing to examine all books, documents, or other tangible evidence in the possession or under the control of the respondent which will be relied upon by the respondent in presenting the issue(s) contained in the Preliminary Denial Letter or which are relevant to those issues. The Member Services and Member Firm Staff Services Department shall make its request to examine any materials by submitting it in writing to the respondent as soon as practicable. At least ten (10) business days in advance of the hearing, the Member Services and Member Firm Staff Services Department shall submit to the hearing officer, with a copy to respondent, copies of all documents which the Member Services and Member Firm Staff Services Department intends to rely upon in presenting its case, as well as the names of any witnesses the Department intends to call;
- (c) Any dispute over a request to examine any book, document, or other tangible evidence in the possession or under the control of either party shall be submitted to the Chairman of the Committee for resolution only after the parties have made all reasonable attempts to resolve the dispute among themselves;
- (d) If objected to or upon its own motion, the hearing panel may refuse to consider any book, record, document or other tangible evidence which was not made available to the opponent of the evidence or was not disclosed in accordance with this paragraph. The panel may also exclude the testimony of any witness whose name was not submitted to the opponent of the witness as provided above. The hearing panel may consider such evidence or testimony upon a clear showing that such evidence was not ascertainable by due diligence at least ten (10) business days in advance of the hearing and that there was insufficient time prior to the hearing to bring such evidence to the attention of the opposing party;

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- (e) The hearing shall be promptly held before disinterested member of the Membership Committee or any duly appointed Subcommittee thereof after reasonable notice to the parties. No member of the Membership Committee may serve on a hearing panel in a particular matter if he or she or any person or firm with which he or she is affiliated has financial, personal or other direct interest in the matter under consideration. After service of the preliminary denial letter, both parties to the hearing are prohibited from making any ex parte contacts with any member of the Membership Committee. For the purpose of this paragraph, an "ex parte contact" shall mean any communication, either written or oral, which relates directly or indirectly to the issue to be heard and which is made to a member of the Membership Committee who will be a member of the panel which shall decide the issue.
- (f) Formal rules of evidence need not apply, but the hearing shall not be so informal as to be unfair;
- (g) The respondent shall have the right to invoke Rule 548.00, if applicable;
- (h) The Member Services and Member Firm Staff Services Department shall be a party to the hearing and shall present its case on those issues which are the subject of the hearing;
- (i) The respondent shall be entitled to appear personally at the hearing and to be represented by counsel;
- (j) The parties shall be entitled to cross-examine any person(s) appearing as witness(es);
- (k) The parties shall be entitled to call witnesses and to present such evidence as may be relevant to the issue(s) presented;
- (l) Pursuant to Rule 545.00, all persons within the jurisdiction of the Association who are called as witnesses shall be obliged to appear at the hearing and/or to produce evidence;
- (m) Substantially verbatim record of the hearing, capable of being accurately transcribed, shall be made and shall become part of the record of the proceeding. (07/01/97)

202.03 Membership Committee's Preliminary Decisions - All preliminary decisions rendered by the Membership Committee shall be in writing and be based upon the weight of the evidence contained in the record of the proceeding. A copy of the decision shall be provided to the respondent and shall include:

- (a) The issue(s) presented to the Committee;
- (b) The response submitted by the applicant or member, if any, or a summary of the answer;
- (c) A brief summary of the evidence produced at the hearing;
- (d) A statement of findings and conclusions with respect to the issue(s) presented;
- (e) A declaration containing the Committee's preliminary decision;
- (f) All such decisions shall be rendered within thirty business days after the conclusion of the hearing, unless, by virtue of the complexity of the issue or other special circumstances, additional time is required;
- (g) The Committee shall give respondent reasonable notice of the date on which its recommendation, based on its preliminary decision, will be forwarded to the Regulatory Compliance Committee for its consideration. (07/01/97)

203.01 Procuring a Membership or Membership Interest - An individual who wishes to procure a membership privilege may do so either prior or subsequent to being approved for a particular membership status. A person who has acquired a membership privilege prior to being approved for a particular membership status as provided in Regulation 249.01 shall become a member or membership interest holder following such approval upon signing the appropriate register of the Association. A person approved for a particular membership status prior to acquiring a membership or membership interest shall become a member or membership interest holder if within six (6) months after he/she has been notified of such approval, or within such extension of said period as may be granted by the Exchange, he/she shall procure a membership or membership interest and sign the appropriate register of the Association; otherwise his/her approval for a particular membership status

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shall be deemed vacated. (03/01/01)

204.00 Membership Obtained by Fraud - A membership obtained by fraudulent representations or concealment shall be disposed of by the Board. 106 (08/01/94)

205.00 Agreement to Observe Rules and Regulations - Applicants for membership shall be required to sign a written agreement to observe and be bound by the Charter, Rules, and Regulations of the Association, and all amendments subsequently made thereto. 107 (08/01/94)

205.01 Acquisition of Class A Units of Ceres Trading Limited Partnership - Any person or entity who acquires ownership of a membership or a membership interest after July 17, 1992 shall, simultaneously with the acquisition of ownership of such membership or membership interest, purchase a Class A unit of limited partnership interest of Ceres Trading Limited Partnership, a Delaware limited partnership, of the appropriate sub-class (as set forth in Section 3.8 of the Agreement of Limited Partnership governing Ceres Trading Limited Partnership) from the person or entity from which he, she or it is acquiring ownership of the membership or membership interest (the "Transferor"), or if such Transferor does not own a unit of limited partnership interest of Ceres Trading Limited Partnership, from the General Partner of Ceres Trading Limited Partnership. The proceeds payable to a Transferor who does not own a unit of limited partnership interest of Ceres Trading Limited Partnership shall be equal to (a) the aggregate proceeds paid by the Purchaser for the membership or membership interest plus a unit of limited partnership interest reduced by (b) the amount paid to the General Partner for such unit of limited partnership interest under Section 10.3(b) of the Agreement of Limited Partnership. The acquisition of ownership of a membership or membership interest shall constitute a request of the acquirer that the books and records of Ceres Trading Limited Partnership reflect the acquirer's admission as a substituted limited partner thereof, and shall constitute the acquirer's agreement to be bound by the Agreement of Limited Partnership. (08/01/94)

206.02 Gratuities - No member of the Association shall employ any employee of the Association or of the Clearing House, for any service outside the hours of regular employment by the Association or such corporation, without having first obtained the approval therefor of the President or of said Clearing House, as the case may be, and registering therewith the name of said employee, the nature of the services rendered, and the amount of said compensation.

No member shall give any compensation or gratuity to an employee of the Clearing House unless the giving of such compensation or gratuity be first submitted in writing to the Clearing House and approved.

No member, member firm or employee thereof shall directly or indirectly give or offer to give any compensation or gratuity in excess of \$250 (or having a reasonable aggregate value in excess of \$250) per person per year to any employee of the Association. Employees of the Association are forbidden to accept any compensation or gratuity in excess of \$250 from any member, member firm or employee thereof for any service rendered or to be rendered unless the giving of such compensation or gratuity be first submitted in writing to the President and approved. A gift of any kind is considered a gratuity.

No member, member firm or employee thereof, shall give or offer to give gratuities to any other member, member firm or employee thereof in an amount exceeding that which may be considered reasonable and proper under normal business practices as determined by the Business Conduct Committee. The giving or offering to give gratuities to a member, member firm or employee thereof is not to become a vehicle to obtain Exchange related business in a non-competitive fashion. Failure to comply with this Regulation may be deemed an act detrimental to the interest or welfare of the Association. (08/01/94)

207.00 Office Address - Every member shall register with the Secretary an address and subsequent changes thereof where notices may be served. 128 (08/01/94)

207.01 Primary Clearing Member - Every member shall register the name and clearing house number of his or her Primary and Secondary Clearing Member with the Member Services and Member Firm Staff Services Department. If applicable, the registration shall include the name and clearing house number of any division of the clearing member firm. In addition, every member shall notify the



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Member Services and Member Firm Staff Services Department of any changes in his or her Primary and/or Secondary Clearing Member, including the name and clearing house number of the division thereof if applicable. (07/01/97)

208.00 Conducting Business Under a Firm Name - An individual may conduct his business under a firm name provided it is clearly stated on all letterheads, statements, and other business forms that the individual is the sole owner of the firm. 132 (08/01/94)

208.01 Conducting Business Under a Firm Name - An individual conducting business under a firm name as a sole proprietor pursuant to Rule 208.00 shall submit a statement to the Department of Member Services of this Association giving the name, address, and nature of the business conducted. The member shall report immediately any change in the required information. 1803 (08/01/94)

209.00 Indemnification of Association - In any legal proceeding brought against the Association and alleging its failure to prevent, detect or require certain conduct of a member or registered eligible business organization, which conduct or inaction is alleged to be in violation of any law or of the Rules and Regulations of the Association, such member or registered eligible business organization shall indemnify and hold the Association harmless for the full amount of any expense (including attorney's fees), judgment or settlement paid by it in respect to such proceeding. 134 (04/01/98)

209.01 Floor Trading Permits - The Board of Directors may at any time in its discretion establish a limited number of floor trading permits as needed to promote orderly and liquid markets in new and existing contracts. Such permits shall convey to qualified individuals a temporary right to trade as principal and/or broker for others in designated contracts on the floor of the Exchange. Such permits shall not be convertible into memberships or membership interests or carry any other rights or incidents not expressly specified in creating such permits. (08/01/94)

209.02 MidAmerica Floor Access Members' Trading Privileges - Floor Access Members of the MidAmerica Commodity Exchange shall be eligible to trade as principal and as broker for others in Institutional Index futures contracts on the Exchange Floor. Such persons may communicate from the Exchange Floor with non-member customers in the same manner as members may do so, but only with respect to Institutional Index futures contracts.

In the exercise of these privileges, such persons shall be subject to the jurisdiction of the Association and to all duties and obligations imposed upon members, registered firms or other approved persons under the Rules and Regulations; provided, however, that the Board may exempt such persons from any such duty or obligation which, in its sole judgement, is incompatible or in conflict with, or is unrelated to, the activities performed by them. (08/01/94)

209.03 Product Sponsor Programs - The Board of Directors may at any time in its discretion establish product sponsor programs as needed to promote orderly and liquid markets in new contracts. A product sponsor program shall convey to qualified members and member firms such inducements as the Board may grant in return for a product sponsor's participation in a particular contract market. A product sponsor program shall not create any interests or carry any other rights or incidents thereto which are not expressly specified in creating the program. (08/01/94)

209.04 Mini-Sized Contract Permit Holders' Trading Privileges - Floor Access Members of the MidAmerica Commodity Exchange who are on record as of September 1, 2001 and who remain Floor Access Members thereafter shall be reclassified as CBOT Mini-Sized Contract Permit Holders and thereby will be eligible to trade as principal and as broker for others in CBOT mini-sized contracts in 30 Year Treasury Bond, 10 Year Treasury Note, Eurodollar, NY Silver, NY Gold, Corn, Soybean, and Wheat futures on the a/c/e trading platform and in Rough Rice futures and futures options contracts on the Exchange Floor through December 31, 2002. Such persons may communicate from the Exchange Floor with non-member customers in the same manner as members may do so, but only with respect to Rough Rice contracts.

In the exercise of these privileges, such persons shall be subject to the jurisdiction of the Association and to all duties and obligations imposed upon members, registered firms or other approved persons under the Rules and Regulations; provided, however, that the Association may exempt such persons from any such duty or obligation which, in its sole judgement, is incompatible or in conflict with, or is unrelated to, the activities performed by them. (10/01/01)

209.05 Membership In OneChicago, LLC - Each holder of Full, Associate, COM, GIM or IDEM member trading privileges is a member of OneChicago, LLC, and to the extent provided in OneChicago rules, becomes bound by OneChicago rules and subject to the jurisdiction of OneChicago by accessing or entering any order into the OneChicago System. (11/01/02)

210.00 Full Member CBOE "Exercise" Privilege - In accordance with the Agreement entered into on September 1, 1992 (the "Agreement") between the Exchange and the Chicago Board Options Exchange ("CBOE"), Eligible CBOT Full Members who maintain all appurtenant trading rights and

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privileges of a full membership, including any new trading rights or privileges granted, assigned or issued to a CBOT full membership to the extent such right or privilege is deemed under the provisions of such Agreement to be appurtenant to a CBOT Full Membership, are eligible to become regular members of the CBOE pursuant to Article Fifth(b) of CBOE's Certificate of Incorporation. A CBOT Full Member may delegate all of his trading rights and privileges of full membership to an individual who will then be eligible to become a regular CBOE member pursuant to Article Fifth(b) of CBOE's Certificate of Incorporation; provided, however, if a CBOT Full Member delegates some, but not all, of the appurtenant trading rights and privileges of full membership, then neither the member nor the delegate will be eligible to be a CBOE regular member pursuant to Article Fifth(b). No person who is not either an Eligible CBOT Full Member or an Eligible CBOT Full Member Delegate (See Rule 221.00(g)(ii)) shall knowingly apply to become, or knowingly remain, a regular member of CBOE pursuant to Article Fifth(b) of CBOE's Certificate of Incorporation.

For purposes of the Agreement entered into on September 1, 1992 between the Exchange and the CBOE, an Eligible CBOT Full Member means an individual who at the time is the holder of one of the One Thousand Four Hundred Two (1,402) CBOT full memberships ("CBOT Full Memberships") existing on the date of the Agreement and who is in possession of all trading rights and privileges appurtenant to such CBOT Full Membership. In the event a CBOT Full Membership is registered for a partnership, corporation or other entity, only the individual who is the holder of such CBOT Full Membership and who is in possession of all trading rights and privileges appurtenant to such CBOT Full Membership shall be deemed to be an "Eligible CBOT Full Member." "Trading rights and privileges appurtenant to such CBOT Full Membership" means (1) the rights and privileges of a CBOT Full Membership which entitle a holder or delegate to trade as principal and broker for others in all contracts traded on the CBOT, whether by open outcry, by electronic means, or otherwise during any segment of a trading day when trading is authorized; and (2) every trading right or privilege granted, assigned or issued by CBOT after the effective date of this Agreement to holders of CBOT Full Membership, as a class, but excluding any right or privilege which is the subject of an option granted, assigned or issued by CBOT to a CBOT Full Member and which is not exercised by such CBOT Full Member. (08/01/94)

211.00 Associate Memberships - A personal privilege designated as an Associate Membership is hereby created to promote orderly and liquid markets and to provide for the future growth of the Association through increased liquidity and participation in the trading on the Floor of the Exchange. Associate Members shall be allowed to trade, as hereinafter provided, all existing and prospective future contracts and options contracts which shall be listed from time to time in the Government Instruments Market; Index, Debt and Energy Market; and Commodity Options Market categories pursuant to Rule 290.00. An Associate Member shall have the right, subject to the Rules and Regulations of the Association, to trade as principal and as broker for others and to solicit orders from others on the Floor of the Exchange, in all eligible contracts and options as designated above. Associate Memberships shall not carry with them the attributes of full memberships of the Association under the Fifth Article of the Certificate of Incorporation of the Chicago Board Options Exchange. In the event of liquidation of the Association, the Associate Member's share of the proceeds from dissolution shall be 1/6th of a full member's share. (08/01/94)

212.00 Reciprocal Trading Privileges with LIFFE -

(a) (1) Subject to the provisions of the Link Agreement with LIFFE and the LIFFE rules, one who owns or is registered for an undelegated Full or Associate Membership and is authorized by the Association for these purposes may (A) enter the trading floor of the LIFFE market, (B) trade contracts in the terms of Designated CBOT Contracts on the trading floor of the LIFFE market and (C) communicate from the trading floor of the LIFFE market to persons not on that floor, with respect to Designated CBOT Contracts.

(2) A member who trades contracts in the terms of Designated CBOT Contracts on the trading floor of the LIFFE market shall be eligible for member transaction fees assessed by the Exchange on positions transferred to the Clearing House.

(3) During any period when the rights granted by this Rule are being exercised at LIFFE, the membership may not be used by anyone to trade on the floor of the Exchange.

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(b) (1) Subject to the provisions of the Link Agreement with LIFFE and the rules and regulations of the Association, a member of LIFFE or a trader registered with a member of LIFFE (but not a leaseholder) who is authorized by LIFFE for these purposes, may (A) enter the floor of the Exchange, (B) trade contracts in the terms of Designated LIFFE Contracts on the floor of the Exchange and (C) communicate from the Floor of the Exchange with persons not on the Floor of the Exchange, with respect to Designated LIFFE Contracts.

(2) The primary clearing member of such a person, referred to in (b) (1) above, shall guarantee his obligations under Rules 252.00 and 253.00.

(3) Upon revocation of such a person's primary clearing authorization, the Secretary shall give written notice thereof to all members and delegates. Thereafter, all members and delegates who may have claims against him may file claims in the same manner as provided in Rules 252.00 and 253.00 of the Association. The primary clearing member shall be responsible for the payment of those claims allowed by the Board and not satisfied promptly by such a person whose primary clearing authorization has been revoked. (06/01/97)

213.00 Assessments and Fees - Associate Members shall be responsible for all operating assessments and exchange service fees as if a full member of the Association. 863 (08/01/94)

214.00 Obligations and Duties - Associate Members shall be subject to all Rules and Regulations of the Association including all specific duties and obligations imposed on them by the Rules and Regulations, as well as those duties and obligations imposed upon members, registered firms or other approved persons under the Rules and Regulations; provided, however, the Board may exempt Associate Members from any such duty or obligation which is incompatible with or in conflict with or unrelated to, the activities performed by them. 864 (08/01/94)

215.00 Associate Members Committee - There will be an elected Committee of Associate Members whose purpose will be to represent the rights and privileges of the Associate Membership and to promote those rights and privileges to the mutual benefit of the general membership.

The Committee shall consist of fifteen (15) Associate Members elected on the Annual Election date by the Associate Membership. At the first election following the adoption of this Rule, eight members will be elected for a two-year term and seven members will be elected for a one-year term. Thereafter, seven members will begin a new two-year term each even-numbered year and eight members will begin a new two-year term each odd-numbered year. The Committee will select its Chairman and Vice Chairman. The Chairman of this Committee will be the liaison to the Chairman of the Board of Directors. 865 (08/01/94)

217.00 Applicants - Applicants for Associate Memberships shall be approved in the same manner and under the same conditions and procedures as are applicants for full membership. 867 (08/01/94)

219.00 Communications From Floor - Associate Members may communicate from the Floor of the Exchange during business hours with non-member customers in the same manner as members, but only with respect to eligible futures contracts or options as defined in Rule 211.00. 869 (08/01/94)

220.00 Violations - In addition to being bound to comply with the Rules and Regulations of the Association to which all members are bound, unless exempted by the Board under Rule 214.00, it shall be an offense against the Association for an Associate Member to:

- (1) Execute a trade in any futures contracts or options that are not eligible as defined in Rule 211.00;
- (2) Place an order on the Floor of the Exchange for the execution of any futures contracts or options that are not eligible as defined in Rule 211.00; or
- (3) Engage in words or deeds which represent, or are reasonably calculated to represent, that he is a holder of a full membership. 870 (08/01/94)

221.00 Delegation - An individual member may delegate the rights and privileges of Full and/or Associate Memberships to an individual (a "delegate") upon the following terms and conditions:

- (a) The delegate shall first be approved by the Exchange under the standards of Rule 200.00 and shall sign a written agreement to observe and be bound by the Charter, Rules, and Regulations of the

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Association, and all amendments subsequently made thereto: Provided, however, an approved delegate having no outstanding disciplinary penalties and no restrictions pursuant to Rule 511.00 or 512.00 shall remain approved to enter a new delegation agreement within six (6) months following the termination of the previous delegation agreement. The Exchange may, in its discretion, grant extensions of this six (6) month approval period.

- (b) The delegation agreement, any amendment thereto, and any termination, revocation, or renewal thereof, shall be in writing in such form as the Exchange may prescribe, and a copy thereof shall be filed by the member with the Exchange as a precondition to its effectiveness: Provided, however, the delegation agreement shall be null and void automatically upon the happening of any of the following events:
- (1) Loss of any of the qualifications for entering a delegation agreement, such as sale of the membership of the member or expulsion of the member or the delegate; or
  - (2) The suspension of the member by the Association within three months of the date of the filing of the delegation agreement by the member with the Exchange;
- (c) (1) The member shall remain liable (for an amount up to, but not in excess of, the value of the seat the member has leased) for the debts, acts and delinquencies of the delegate arising from the delegate's exercise of rights and privileges of membership. The membership so delegated may be sold to satisfy any such liability in accordance with the Rules and Regulations of the Association. Delegation shall not relieve the member of any of his obligations or liabilities which he might otherwise have by the virtue of being a member of the Association to other members of the Association;
- (2) Upon the termination or expiration of the delegation agreement, the Secretary shall make notice thereof available to the membership. Thereafter, all members and delegates who may have claims against the delegate may file claims in the same manner as provided in Rule 252.00 of the Association. The member entering into a delegation agreement shall be responsible for the payment of those claims allowed by the Board and not satisfied promptly by the delegate, but only to the extent of the value of the membership so delegated;
- (d) A delegate shall not be entitled to register under Rule 230.00 for an eligible business organization;
- (e) The Finance Committee, in its discretion, may impose fees, charges and assessments upon members and delegates under this Rule; and
- (f) Upon the filing of a delegation agreement or renewal notice with the Exchange, notice thereof shall be posted promptly on the bulletin board, and shall be made available upon request to the Membership and to the primary clearing member for the member party to the delegation agreement.
- (g) (i) In accordance with the Agreement entered into on September 1, 1992 ("the Agreement") between the Exchange and the Chicago Board Options Exchange ("CBOE"), only an individual who is an "Eligible CBOT Full Member" or an "Eligible CBOT Full Member Delegate", as those terms are defined in the Agreement, is a "member" of the Exchange within the meaning of paragraph (b) of Article Fifth of CBOE's Certificate of Incorporation ("Article Fifth(b)") and only such individuals are eligible to become and to remain regular members of the CBOE pursuant to Article Fifth(b). No person who is not either an Eligible CBOT Full Member or an Eligible CBOT Full Member Delegate shall knowingly apply to become, or knowingly remain, a regular member of CBOE pursuant to Article Fifth(b) of CBOE's Certificate of Incorporation.
- (g) (ii) For purposes of the "Agreement" referenced in Rule 221.00(g) (i), an "Eligible CBOT Full Member Delegate" means the individual to whom a CBOT Full Membership is delegated (leased) and who is in possession of all trading rights and privileges appurtenant to such CBOT Full Membership. "Trading rights and privileges appurtenant to such CBOT Full Membership" means (1) the rights and privileges of a CBOT Full Membership which entitle a holder or delegate to trade as principal and broker for others in all contracts traded on the CBOT, whether by open outcry, by electronic means, or otherwise, during any segment of a trading day when trading is authorized; and (2) every trading right or privilege granted, assigned or issued by CBOT after the effective date of this Agreement to holders of CBOT Full Memberships, as a class, but excluding any right or privilege which is the subject of an option granted, assigned or issued by CBOT to a CBOT Full Member

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and which is not exercised by such CBOT Full Member. (05/01/01)

221.01 Delegation by Deceased Member's Estate - The legal representative of a deceased member's estate, during the pendency of probate of the deceased member's estate, may delegate such deceased member's trading privileges in accordance with Rule 221.00. Upon transfer of the estate assets to the deceased member's heirs, the provisions of Regulation 249.01 shall apply. (08/01/94)

221.02 Floor Access of Delegating Members and Delegates

(a) A full or associate member who has delegated the rights and privileges of his only membership, or of all his memberships, for any of the three trading segments, pursuant to Rule 221.00, and who does not hold a Floor Clerk or Broker Assistant badge, shall not have physical access to the Floor of the Exchange for such trading segment(s) during the effective period of such delegations; provided that this Regulation shall not apply to "Twenty-Five Year Members" as described in Regulation 301.10.

Provided further, that members of the Board of Directors who have delegated the rights and privileges of their only membership, or of all of their memberships, may have physical access to the Floor of the Exchange to the same extent as do "Twenty-Five Year Members" as described in Regulation 301.10.

(b) A delegate who does not hold a Floor Clerk or Broker Assistant badge shall not have physical access to the Floor of the Exchange during the trading segment(s) in which he is not entitled to the rights and privileges of membership. (07/01/99)

221.03 Minimum Delegation Term - No delegation agreement shall have a term of less than thirty (30) days. The foregoing limitation shall not apply to delegation agreements for Full Member Delegates who will utilize their memberships solely for the purpose of becoming a regular member of the Chicago Board Options Exchange ("CBOE") pursuant to Rule 210.00 and Article FIFTH(b) of the CBOE's Certificate of Incorporation. (11/01/99)

221.05 Delegates' Clearing Members -

(1) Except as provided in paragraph (2) below, no delegate may receive clearing authorization from any Primary Clearing Member, or from any other Clearing Member, pursuant to Rule 333.00 without first having:

(a) obtained written permission from his/her member-delegator; and

(b) filed such written permission with the Department of Member Services.

(2) In the event that a delegate cannot obtain written permission from his/her member-delegator before he or she receives clearing authorization from a new Primary Clearing Member, such delegate may nevertheless obtain such clearing authorization if the new Primary Clearing Firm executes and submits to the Department of Member Services a suretyship agreement inuring to the benefit of the member-delegator and in a form approved by the Exchange. However, the delegate must obtain his/her member-delegator's permission within 30 days of changing Primary Clearing Members. If the delegate does not obtain the permission within that period, he or she will be denied access to the floor. The delegate will not be able to regain access to the floor until such permission is submitted to the Department of Member Services. (04/01/99)

221.07 Voting Rights - On and after June 21, 1982, no full or associate member may delegate to any other person the right to vote on any matter subject to a ballot vote among the general membership. (08/01/94)

221.08 Requirements for Delegates of Membership Interests\* - The Board, in its discretion, may require that each person who is granted status as a delegate of a COM, GIM or IDEM Membership Interest pursuant to a delegation agreement entered into on or after (effective date to be determined), execute up to a specified percentage, not to exceed 20%, or a specified number not to exceed 200 of such person's round turn principal transactions per month in one or more contracts designated by the Board.

The Board may establish different proportions or levels applicable to each membership interest

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category, and any such proportion or level shall be applied in uniform fashion to every delegate in each respective membership interest category. Consistent with these standards, the Board may alter such proportion or level at any time.

Failure to comply with the provisions of this regulation or the directives of the Board adopted pursuant to this regulation may be considered an act detrimental to the welfare of the Association. Effective June 1, 1984.  
(08/01/94)

221.09 Delegation of Firm-Owned Memberships and Membership Interests - An eligible business organization registered as a member firm under Rule 230.00 may delegate the rights and privileges of a firm-owned membership or membership interest to an individual ("delegate") upon the terms and conditions set forth in Rule 221.00, but only if the membership being leased is not necessary to satisfy the requirements for registration as a member firm or, if applicable, as a clearing member firm. (04/01/98)

221.10 Indemnification of Delegators - To the extent consistent with the Association's claims Rules and Regulations, the Board of Directors shall honor and enforce valid indemnifications given by a clearing member to a member or membership interest holder who delegates the rights and privileges of his membership or membership interest (the "delegator") in connection with the delegator's potential liability under Rule 221.00 (c). The indemnification shall be in writing in such form as the Exchange may prescribe. (08/01/94)

221.11 Delegation by Trust - A trust may delegate the rights and privileges of any membership(s) or membership interest(s) held by the trust upon the terms and conditions set forth in Rule 221.00. (07/01/95)

222.00 Multiple Membership - A member may own more than one membership in his name, and a member firm may own the title and value of more than one membership pursuant to Regulation 249.01(b). 872 (08/01/94)

224.00 Trades of Non-Clearing Permit Holders - Each permit holder's Primary Clearing Member is responsible for the payment of the permit holder's dues, fees and assessments. (08/01/94)

225.00 General Enabling Rule for Market Maker Programs - The Chief Executive Officer of the Exchange shall have the authority to approve the implementation of Market Maker programs, pursuant to which Market Makers would be authorized to maintain two-sided markets, for products in the municipal bond complex, the equity index complex, and all products launched after December 31, 1999. To the extent that the terms of any such Market Maker program may be in conflict with any Rules or Regulations of the Exchange, such terms shall supersede such Rules or Regulations. However, nothing in this Rule shall alter or waive a member's responsibility to comply with provisions of the Commodity Exchange Act or Rules or Regulations of the Commodity Futures Trading Commission unless exempted by the Commission. (04/01/01)

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230.00 Registration - An eligible business organization as determined by the Membership and Financial Compliance Committees may be a member firm of this Association with respect to all contracts by virtue of a Full membership held in the name of one of its managerial employees. An eligible business organization as determined by the Membership and Financial Compliance Committees, which is wholly owned by one or more members or member firms, or which wholly owns a member firm, may be a member firm of this Association only with respect to those contracts in which Associate Members have trading privileges, by virtue of an Associate Membership held in the name of one of its managerial employees. A managerial employee who desires to designate an eligible business organization for either of the above purposes shall make application to the Membership Committee, giving therein such information as may be requested. If the application is granted, the membership shall be registered for the benefit of the eligible business organization, and such eligible business organization shall be entitled to member firm privileges with respect to all contracts or only with respect to Contracts in which Associate Members have trading privileges, as the case may be. For purposes of this Rule and the regulations hereunder, the term "managerial employee" shall mean any senior employee of the eligible business organization who is in a managerial position and who is in a position to influence the firm's operations with respect to commodity futures and options business on this Exchange. Whether or not a particular employee qualifies as "managerial employee" shall be in the sole discretion of the Membership Committee and shall be based on the circumstances and qualifications of the individual applicant.

A member firm may be a member of the Clearing House and entitled to privileges therein with respect to all contracts, pursuant to the membership registration requirements of Rule 703.00. All such memberships shall be registered hereunder in the manner described above, and under the criteria prescribed in Rule 703.00. Member firms shall be subject to all requirements and prohibitions contained in the Rules and Regulations applicable to members, and in such cases, all registered members shall be subject to discipline and their memberships subject to sale by the Board for the acts or delinquencies of the firm for which they are registered. All such designations may be terminated at any time by the Board, or by the registered member with the written approval of the Exchange.

A member who is a partner of a partnership, an officer, director or substantial stockholder of a corporation, or a member or manager of a limited liability company which is engaged in the securities, commodities, or grain business on a broker or dealer basis or in the processing or storing of commodities shall register his or her membership for the benefit of such partnership, corporation, or limited liability company pursuant to the provisions of this Rule, unless another membership is already registered for such partnership corporation, or limited liability company; or unless such partnership, corporation, or limited liability company has filed with the Exchange a duly authorized undertaking that it will, when required by the Exchange, submit its books and papers or any portion thereof to the Exchange and furnish any information to or cause any of its officers, directors, partners, managers, members, and/or employees to appear and testify before the Exchange. 226 (08/01/01)

230.01 Eligible Business Organizations - Trading Authority - Each member of the Association whose membership privilege is registered for the use of an eligible business organization must have the authority to enter into Exchange and Members' contracts for or on behalf of his or her eligible business organizational. Each registered partnership must keep on file with the Exchange a copy of its Partnership Agreement and amendments thereto showing the authority of its designated managerial employees to transact business on the Exchange for or on behalf of the partnership. Each registered corporation must keep on file with the Exchange copies of resolutions of its directors, attested to by the secretary of the corporation, showing the authority of its designated managerial employees to transact business on the Exchange for or on behalf of the corporation. Each registered limited liability company must keep on file with the Exchange copies of the Unanimous Consent of the Members showing the authority of its designated managerial employees to transact business on the Exchange for or on behalf of the limited liability company. 1783

Notwithstanding any other Regulation, any member or membership interest holder who is associated as a partner, shareholder, member, officer, manager, employee, or consultant with any entity or natural person that is or should be registered as an Introducing Broker, a Futures Commission Merchant, or a Commodity Trading Advisor as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3 may not solicit orders of others from the Floor of the Exchange unless the entity or natural person for which or for whom the member is soliciting orders is also a member firm or a member of the Exchange. (08/01/01)

230.02 Registration of Membership for Eligible Business Organizations - A member desiring to register his or her membership for an eligible business organization under Rule 230.00 shall submit a statement giving the name of the eligible business organization and the business in which it is engaged. If the eligible business organization is organized as a corporation, the statement must also include the corporation's authorized and outstanding capital stock. The statement must also show that the member is a managerial employee of the eligible business organization and is duly empowered by the eligible business organization to enter into contracts for and on behalf of the eligible business organization. In addition, the statement must designate the type of business activity, as measured by the following list, for which registration is requested:

- (1a) Registered Futures Commission Merchants ("FCM) - Clearing.
- (1b) Registered FCM - Non-clearing.
- (2a) Non-FCM - Clearing.
- (2b) Non-FCM - Non-clearing.
- (2c) Non-FCM - Non-clearing Associate Member affiliate of another member firm.
- (3) e-cbot member firm

If activity level (1a) or (1b) has been designated; the member shall submit the following financial information of the eligible business organization: a certified financial statement prepared by an independent Certified Public Accountant as of the most recent fiscal year end, and a financial statement (which need not be certified) which is current as of the most recent preceding calendar month end. If any other activity level is designated, the member shall submit the following financial information of the eligible business organization: its most recent certified financial statement (if applicable) and a financial statement (which need not be certified) which is current as of the most recent preceding calendar month end. This financial information is not required if the member is registering for an eligible business organization which already is a registered member firm of the Exchange and is not changing its type of business to (1a) or (1b) from any other type of business.

The Exchange may in its discretion waive or modify the foregoing requirements in the case of changes in registration necessitated by reorganization of firms currently registered with the Exchange.

Approval is required for a registered eligible business organization changing or expanding its type of business to a higher level of business activity as set forth above. An eligible business organization requesting approval to operate as a type (1a) or (1b) firm which was previously registered as any other type firm must first submit the financial information required for approval as a type (1a) or (1b) firm as specified above.

The Exchange may in its discretion grant temporary approval in the case of changes in registration necessitated by reorganization of firms currently registered with the Exchange.

Upon receipt of an application for new firm registration for an eligible business organization, the Secretary shall, within fifteen days thereafter, make available to the membership the name of the eligible business organization, and shall post the same information on the bulletin board for a period of at least ten days after such notification to the Membership.

No member may register his or her membership for more than one eligible business organization.

No member may register his or her membership for any eligible business organization under the Rules of this Exchange, where such membership is or becomes delegated under the provisions of Rule 221.00.

An eligible business organization which has been conditionally approved for member firm status shall have six (6) months after the date that it was notified of such approval, or within such extension of said period as may be granted by the Exchange, to satisfy any conditions or contingencies imposed on such approval. If the conditions or contingencies are not satisfied by the applicable deadline, the Committee's approval of the eligible business organization for member firms status shall be deemed void. 1060 (09/01/02)



230.03 Designated Persons -

(a) Subject to approval by the Association, which approval is in the absolute discretion of the Association, each eligible business organization ("member") of the Association shall designate one or more senior managerial employees responsible for the member's financial, compliance, operational and ultimate supervisory obligations and activities as a member. Such individuals must either: (i) have a membership registered on behalf of the member, or (ii) be registered with the Association by the member as a "Designated Person". A Designated Person shall be subject to the Rules and Regulations of the Association as if a member; provided, however, that a Designated Person shall not be liable for the actions and/or omissions of other employees, agents or independent contractors if the member of the Designated Person demonstrates to the satisfaction of the Association that all of his or her relevant conduct on behalf of the member was performed in good faith with reasonable care.

(b) Any individual not a registered member or Designated Person or nonmember eligible business organization which holds more than a 25% financial interest in a member eligible business organization ("member") or who exercises actual control over the management of the member may, at the Association's sole discretion, be required to execute a Consent to Jurisdiction in such form as may be prescribed by the Association. Upon the member's request, the Membership and Financial Compliance Committees may exempt individuals and/or eligible business organizations from this requirement for good cause shown. (04/01/98)

230.04 Cooperative Association of Producers - A lawfully formed and conducted cooperative association of producers having adequate financial responsibility, engaged in any cash commodity business, conforming to the following requirements:

FIRST: The Cooperative Association must have not less than 75 per centum of the voting capital stock or membership capital, in good faith owned and controlled, directly or indirectly by producers of agricultural products;

SECOND: The Cooperative Association, if organized without capital stock, shall not allow a member of the Cooperative Association more than one vote, or if organized with capital stock, the Cooperative Association shall not pay dividends on any class of capital stock in excess of 8 per cent per annum cumulative;

THIRD: The Cooperative Association shall not, during any fiscal year, deal in the products of non-members of the Cooperative Association to an amount greater in value than such as is handled by it for members of the Cooperative Association;

FOURTH: The Cooperative Association, not more frequently than semi-annually, may pay out of its accumulated or current earnings and savings, patronage dividends to members of the Cooperative Association only and upon the basis of business transacted with such members for the period covered by transactions in which such earnings and savings have accrued; and

FIFTH: The Cooperative Association, if organized under the Cooperative Laws of any state, or recognized as a cooperative association of producers by the United States Government, or any agency thereof;

may be a member firm of the Association with respect to all contracts and may be entitled to do business in cash grain on the Floor, by virtue of a membership held in the name of one of its duly authorized representatives and registered under Rule 230.00 on behalf of the cooperative association. A member who desires to designate such a cooperative association of producers for that purpose shall make application to the Membership Committee, giving therein such information as may be requested

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(Rule 230.00). Such designation may be terminated at any time by the Board, or by such member with the written approval of the Exchange. A cooperative association of producers shall be subject to all requirements and prohibitions contained in the Rules and Regulations applicable to members (except as may be exempted by the Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission issued thereunder) and in such cases the member shall be subject to discipline and the membership subject to sale by the Board for the acts or delinquencies of the cooperative association. 1062 (04/01/98)

230.05 Registration for Trading on the Floor in Cash Grain - An eligible business organization may be entitled to trade in cash grain in its own name if one of its managerial employees, a member of the Association, has registered his or her membership for the eligible business organization in accordance with Rule 230.00 and Regulation 230.02. 1061 (04/01/98)

230.06 Eligible Business Organization Status Upon Death or Withdrawal of Registered Member - Upon the death or withdrawal of a member whose membership is registered on behalf of an eligible business organization, where such death or withdrawal would result in failure of the eligible business organization to meet the requirements of Rule 230.00, Rule 703.00, Regulation 230.02 or Regulation 230.05, the Exchange may, upon application of the registered eligible business organization, grant the eligible business organization an extension of privileges under the applicable Rules and Regulations for such period and under such conditions as the Exchange may fix. Upon the death or withdrawal of a member whose membership is registered on behalf of an eligible business organization, the eligible business organization shall, within five business days of such death or withdrawal, notify the Exchange of the departure of its registered member. Failure to comply with the provisions of this Regulation shall be referred to the Business Conduct Committee, for possible disciplinary action pursuant to Rule 540.00. 1063 (04/01/98)

230.07 Primary Clearing Member Permission for Member Registration - A member may register his or her membership for an eligible business organization under Rule 230.00, if that eligible business organization is not his or her Primary Clearing Member, only if he or she has written permission to do so from his or her Primary Clearing Member. Such written permission of the Primary Clearing Member must be filed with the Member Services Department. (04/01/98)

230.08 Doing Business in Firm (or Trade) Name - No member may conduct business with the public as a partnership under a firm name unless the partnership has at least one general partner other than such member; provided, however, that if by death or otherwise, the member becomes the sole general partner of the firm, he or she may continue business in the firm name for such period as may be allowed by the Exchange. 1070 (04/01/98)

230.09 Formation of Partnerships or Limited Liability Companies - When a member intends to form a partnership or admit other individuals to an existing partnership, he or she shall notify the Secretary in writing to that effect. On receipt of such notice from a member, the Secretary shall cause the same to be posted upon the bulletin board of the Association. A member shall promptly notify the Secretary of the retirement of any partner from the member firm partnership or of the dissolution of such partnership.

When a member intends to form a limited liability company or admit other individuals to an existing limited liability company, he or she shall notify the Secretary in writing to that effect. On receipt of such notice from a member, the Secretary shall cause the same to be posted upon the bulletin board of the Association. A member shall promptly notify the Secretary of the retirement of any other member from the member firm limited liability company or of the dissolution of such limited liability company. (04/01/98)

230.10 Suspended or Insolvent Members - A member shall not form a partnership or limited liability company nor, unless permitted by the Regulatory Compliance Committee, continue in a partnership or limited liability company with any of the following:

- (a) A member whose membership privileges have been suspended by the Association;
- (b) Any person who has been expelled from the Association as permitted by Rule 560.00;
- (c) An insolvent person; or
- (d) Any previous member of the Association against whom any member holds a claim which

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arises out of transactions made during the time of such membership and which have not been released or settled. (04/01/98)

230.11 Discipline of Partners or Members of Limited Liability Companies - A member of the Association who is a general partner of a member firm of the Association is liable to the same discipline and penalties for any act or omission of said firm as for his or her own personal act or omission, but the Regulatory Compliance Committee may, in its discretion, by a vote of not less than two-thirds of its members present, relieve him or her from the penalty therefor.

A member of the Association who is also a member of a limited liability company which is a member firm of the Association is liable to the same discipline and penalties for any act or omission of said firm as for his or her own personal act or omission, but the Regulatory Compliance Committee may, in its discretion, by a vote of not less than two-thirds of its members present, relieve him or her from the penalty therefor. 1076 (04/01/98)

230.12 Dissolution of Partnership or Limited Liability Company - Whenever it shall appear to the Regulatory Compliance Committee that a member has formed a partnership or limited liability company or has become an officer, employee, or stockholder of a corporation or established an office or headquarters or is individually, or through any member of his or her firm, interested in a partnership or other business organization, or has formed any business connection whatever whereby the interest or good repute of the Association may suffer, the Regulatory Compliance Committee may require the dissolution of any such partnership or limited liability company or discontinuance of such business office, or headquarters, or business connection as the case may be. (04/01/98)

230.13 Relations Controlling Policy - Whenever it shall appear to the Regulatory Compliance Committee that a member individually or through his or her firm or a partner or partners therein, has such a business connection with a corporation or other business organization that the corporation or other business organization dominates the business of the member or firm or controls the policy of such business, the Regulatory Compliance Committee may require the discontinuance of such business connection. (04/01/98)

230.14 Delegation of Approval Authority - The Chairman of the Membership Committee, or a member of the Membership Committee who has been designated by the Membership Committee Chairman or the Member Services and Member Firm Staff Services Department upon delegation by the Chairman, will have the authority to approve the application of a Full or Associate Member to register his or her membership for an eligible business organization under Rule 230.00 and the regulations thereunder; provided that the eligible business organization is currently registered in accordance with Rule 230.00. The power to deny such applications is expressly reserved to the Regulatory Compliance Committee. With respect to firm-owned Full and Associate Memberships under Regulation 249.01(b), the Chairman of the Membership Committee or a member of the Membership Committee who has been designated by the Membership Committee Chairman may determine that such memberships are needed by the registered eligible business organization to carry out its business at the Association.

For the purpose of this regulation, the Chairman may not delegate approval authority to the Member Services and Member Firm Staff Services Department when the applicant has answered affirmatively to any question in the "Disciplinary Action" section of the Member Firm Registration application. (12/01/98)

230.15 Financial Requirements - (See Reg. 285.05) (04/01/97)

230.16 Designated Liaison - An eligible business organization registered as a member firm of this Association under Rule 230.00 and Regulation 230.02 is required to designate a specific managerial employee as liaison to the Exchange. This designated liaison will be responsible for ensuring the firm's compliance with and understanding of the Exchange's Rules and Regulations, and must have a command of the English language. This designated liaison must have a membership registered for the eligible business organization. (04/01/98)

230.17 Changes in Organization - Any change in the organizational structure of a member firm requires the Exchange's prior approval. Organizational changes shall include, but not be limited to: i) a corporation, limited liability company, general partnership, limited partnership or sole proprietorship

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which changes to another form; or ii) replacement of any general partner or member of any limited liability company. Any failure to comply with this Regulation and any such change in organizational structure that does not comply with the requirements to be a member firm shall be referred to the Business Conduct Committee for possible disciplinary action pursuant to Rule 540.00. The Exchange may grant the member firm a period of time in which to come into compliance with the requirements for member firm status. The Business Conduct Committee may also determine whether such a member firm is entitled to member transaction fees for any time period in which the firm fails to comply with requirements. (04/01/98)

231.00 Ownership and Registration of Associate Memberships - With the approval of the Membership Committee ownership of title and value of an Associate membership of an individual, approved under Rules 200.00, 201.00, 159.00, and 202.00, may be vested in an eligible business organization registered in accordance with Rule 230.00 provided that all of the provisions of Regulation 249.01 - Transfer of Membership - are complied with, where applicable.

Associate memberships may be registered on behalf of an eligible business organization pursuant to Rule 230.00. 875 (04/01/98)

## Ch2 Assessments and Fees

240.00 Assessments - The Board, prior to the Annual Meeting and quarterly thereafter during each year, shall levy upon the membership such assessments as it may deem necessary or advisable to meet any anticipated operating deficit of the ensuing quarter and any actual deficit of the preceding quarter and such assessment as the Board may deem necessary or advisable to meet any capital expenditures of the ensuing quarter, including the retirement of mortgage indebtedness encumbering the Board of Trade Building. It shall be the duty of the President to prepare and submit to the Board, in advance of the meeting at which any such assessment is levied, a detailed budget showing the deficit, if any, for the preceding quarter and the amount of each such assessment proposed to be levied. Each such quarterly assessment shall be billed to the members as near the beginning of the quarter as may be practicable and shall become due and payable within thirty days after such billing. 108 (08/01/94)

241.00 Members in Military Service - The Board shall have authority to remit the assessments of a member during the period in which such member is in the military service of the United States, as such service is defined in the Soldiers' and Sailors' Civil Relief Act of 1940, as passed by Congress and as it may be amended. 108B (08/01/94)

241.01 Dues of Members in Military Service - In accordance with the authority granted the Board under the provisions of Rule 241.00 no assessment of a member shall be remitted under Rule 241.00 except under the following conditions:

1. Each petition for the benefits of Rule 241.00 will be considered on its merits.
2. No petition will be considered unless accompanied with funds sufficient to pay all dues up to and including the full month in which the Board acts on the request.
3. No petition will be approved unless the petitioner became a member of the Association prior to January 1, 1953.
4. When a petition is granted the member is required to notify the Secretary promptly of the termination of his military service. 1844A (08/01/94)

242.00 Neglect to Pay Assessment - Any member who neglects to pay his assessment, or installments thereof, within thirty days after such assessment, or installments thereof, has been called for payment may be suspended until such assessment, or installments thereof, is paid. If a member neglects to pay such assessment, or installments thereof, during a period of six consecutive months, his membership (a) may be disposed of by the Board; (b) or may be forfeited and cancelled by the Board. 109 (08/01/94)

243.00 Transfer Fees - No transfer of membership may be consummated unless the transferee pays to the Association a transfer fee. The amount of this fee is established from time to time, by the Board of Directors. The transfer fee so collected shall be used to purchase, retire or redeem indebtedness to finance improvements to the Board of Trade Buildings or to pay the cost of such improvements. The transfer fee described in this Rule 243.00 shall not apply when the transferor is the estate of a deceased member or membership interest holder and the transferee is the decedent's spouse or the decedent's child. 111 (07/01/98)

243.01 Sale and Transfer of Membership Privileges - Each individual submitting an application for membership shall include with the application a non-refundable application fee established by the Board. The application fee described in this Regulation 243.01 shall not apply when the applicant is the spouse or the child of a deceased member or membership interest holder. The application fee will also not apply when a deceased member or membership interest holder's membership or membership interest is held in trust pursuant to Regulation 249.01(i), the applicant is the spouse or the child of the decedent, and under the terms of the trust, the applicant is the successor trustee to the deceased member or membership interest holder. 1807 (04/01/98)

## Ch2 Purchase and Sale or Transfer of Membership or Membership Interest

249.01 Purchase and Sale or Transfer of Membership or Membership Interest -  
Membership status in this Association is a personal privilege, not subject to  
sale or transfer except as herein authorized.

### (a) Purchase and Sale of Memberships and Membership Interest by Individuals -

- (i) When an individual wishes to sell his full or associate membership or  
membership interest, he shall sign an offer to sell including an offer  
price, in such form as shall be prescribed by the Exchange.

When an offer is matched to a bid, the member or registered eligible  
business organization may receive the sale proceeds prior to the  
expiration of the claims period or the resolution of any claims by  
depositing treasury bills with the Association, equivalent to the sale  
price of the membership or membership interest. All amounts deposited  
shall be available, without restriction, to satisfy claims against the  
departing member or the registered eligible business organization  
under this Chapter. In lieu of a deposit, the member or registered  
eligible business organization may file a clearing firm guaranty,  
letter of credit, or such other form as the Association may permit,  
equivalent to the sale price of the membership or membership interest,  
for the satisfaction of claims.

- (ii) Any individual who wishes to purchase a full or associate membership  
or membership interest subsequent to his approval for a particular  
membership status shall execute and deliver to the Department of  
Member Services a bid to purchase such membership or membership  
interest, in such form as may be prescribed by the Exchange. The bid  
shall be accompanied by a certified or cashier's check representing an  
earnest money deposit in the amount of fifteen percent of the bid, by  
an irrevocable letter of credit in the amount of fifteen percent of  
the bid, or by an agreement on a form prescribed by the Exchange and  
executed by a clearing member of the Association as provided in this  
section (ii).

Any individual who wishes to purchase a full or associate membership  
or membership interest prior to his approval for a particular  
membership status shall execute and deliver to the Department of  
Member Services a bid to purchase such membership or membership  
interest, in such form as may be prescribed by the Exchange. The bid  
shall be accompanied by a check in the amount of the applicable  
transfer fee. The bid shall also be accompanied by a certified or  
cashier's check in the amount of such bid or by an agreement on a form  
prescribed by the Exchange and executed by a clearing member of the  
Association which shall provide that in the event the prospective  
purchaser's bid is matched to an offer, as provided in section (iii)  
below, and the prospective purchaser fails to make payment in the  
amount of his bid by 5:00 p.m. of the next business day following the  
day on which he was notified by the Department of Member Services that  
his bid was matched to an offer, such clearing member shall purchase  
the membership or membership interest in question for the full amount  
of such bid.

The bid shall contain an agreement by such individual to take no  
recourse against the Association in the event he is not approved for  
membership, except as may be permitted under Section 8c of the  
Commodity Exchange Act as amended and a release of the Association of  
any claim or right that such individual would otherwise have had by  
reason of such failure to be so elected. The bid also shall contain an  
agreement by such individual that he or she consents to and accepts  
the Exchange's jurisdiction with respect to any disciplinary action or  
other matter within the purview of any Exchange committee from the  
date of purchase of a membership or membership interest until the date  
the individual is approved for membership status or, if such  
individual fails to be approved for membership status, until the date  
of a sale of the membership or membership interest is effected in  
accordance with this regulation. With respect to the purchase of a  
membership which will be registered pursuant to Rule 230.00 for the  
benefit of an eligible business organization which is not currently a  
member firm, a consent to jurisdiction also must be executed on behalf  
of the firm. The consent to jurisdiction shall expressly state that  
the Exchange may hold the membership or membership interest pending  
the disposition of any proceeding before any Exchange Committee and  
apply the proceeds from the sale of the membership or membership  
interest toward the satisfaction of any decision that may be rendered  
against the individual or firm.

Nothing herein shall be construed in any way to limit the Exchange's jurisdiction over all individuals and firms which have been approved for membership. If any purchase of a membership or membership interest is being financed by a person other than the purchaser, such purchaser shall file satisfactory proof as required by the Department of Member Services that the financing party is aware of the provisions of this Regulation and Rule 252.00.

- (iii) The Department of Member Services shall post continually on the Bulletin Board the lowest offer to sell and the highest bid to buy full and associate memberships and membership interests, respectively. In the event of a match between any such bid and offer, the Department of Member Services shall notify the purchaser and the seller. In the event there are two bids and/or two offers in the same amount, the oldest offer shall be matched to the oldest bid. Title and value of the membership or membership interest shall be transferred to the purchaser upon payment being effected in the full amount of the bid.

In the event that the prospective purchaser fails to make payment in the amount of his bid by 5:00 p.m. of the next business day following the day on which he was notified by the Department of Member Services that his bid was matched to an offer, the clearing member who has executed an agreement to purchase the membership or membership interest as provided in section (a) (ii) of this Regulation shall make payment in the full amount of the bid by 5:00 p.m. of the business day following the day upon which payment was due from the prospective purchaser. Upon becoming the owner of the title and value of the membership or membership interest, the clearing member shall either sell or transfer the membership or membership interest or cause the membership or membership interest to be registered on its behalf in accordance with Rule 230.00 of these Rules and Regulations.

Failure to fulfill the obligations set forth in said agreement shall constitute acts detrimental to the interest and welfare of the Association.

Within ten (10) business days of notice to the purchaser by the Department of Member Services that his or her bid has been matched to an offer, each purchaser of a full or associate membership who is not a full or associate member in good standing, and each purchaser of a membership interest who is not a full or associate member, membership interest holder or nominee thereof, or delegate in good standing, shall file with the Department of Member Services an application for the appropriate membership status, in such form as may be prescribed by the Exchange, in order to be eligible for approval for membership status. Such form shall include an agreement by the applicant to take no recourse against the Association in the event he or she is not approved for a particular membership status, except as may be permitted under Section 8c of the Commodity Exchange Act as amended and a release of the Association of any claim or right that such individual would otherwise have had by reason of such failure to be so elected. No person may exercise the rights of a particular membership status until he or she is approved for such membership status in accordance with these rules.

- (iv) If a purchaser of a membership or membership interest fails to file an application with the Department of Member Services as required in paragraph (iii) above, is not approved for membership status, or if for any reason his application is withdrawn, the Exchange shall retain the transfer fee and the purchaser shall assume all risk of gain or loss from the resale of the membership or membership interest purchased by him. The purchaser shall take all necessary steps to effect a sale of the membership or membership interest purchased by him within thirty (30) days of notification of his failure to be approved for membership status, withdrawal of his application, or the purchase of the membership or membership interest if he failed to file an application.
- (v) If the purchaser fails to effect a sale within the time period specified in paragraph (iv) above, the Department of Member Services shall effect a sale at the price of the highest bid to purchase then on file with the Department of Member Services on the next business day following the thirtieth (30) day after notification of his failure to be approved for membership status, withdrawal of his application, or the purchase of the membership or membership interest if he failed to file an application. If on the next business day following the thirtieth day after such notification, withdrawal, or purchase if he failed to file an application, there is no bid to purchase on file with the Department of Member Services, the membership or membership

interest shall be offered for sale by the Exchange at the same price as the lowest offer to sell then on file with the Department of Member Services. Such offer shall be matched with a bid in accordance with Regulation 249.01(a)(iii). The total amount realized from the sale of the membership or membership interest shall be remitted to the unsuccessful applicant in full satisfaction of all obligations of the Association, subject to Exchange Rule 252.00.

- (vi) An individual whose offer to sell his only membership or membership interest has been accepted by a purchaser, shall not make any Exchange contracts after the date of such consummation of the transfer.

An individual whose membership or membership interest status was terminated through a sale in accordance with this paragraph (a), and who was a member or membership interest holder in good standing, not subject to any Exchange investigation, charges, suspension or disciplinary action at the time of such sale, shall remain eligible, for a period of six (6) months following such sale, to purchase another membership or membership interest under the provisions of this paragraph (a), to be the transferee of a membership or membership interest pursuant to subparagraphs 249.01(b)(c) or (d) or to become a delegate, in accordance with provisions of Regulation 202.01. The Exchange may, in its discretion, grant extensions to this six (6) month approval period.

(b) Transfer by registered eligible business organization

- (i) With the approval of the Membership Committee, ownership of the title and value of a full or associate membership of an individual, approved under Rules 200.00, 201.00, 159.00 and 202.00 may be vested in an eligible business organization registered in accordance with Rule 230.00 provided that (i) the approved individual is a managerial employee as that term is defined in Rule 230.00 of such registered eligible business organization; (ii) the managerial employee's membership is registered for such eligible business organization; and (iii) the Membership Committee determines that such membership is needed by the registered eligible business organization to carry on its business at the Association. Additionally, with the approval of the Membership Committee, a registered eligible business organization may own GIM, COM and IDEM membership interests on behalf of individual nominees who are full-time employees of such firm in accordance with the provisions of Rules 291.00, 292.00 and 293.00. In such circumstances, all rights and responsibilities of membership shall remain the exclusive personal privilege of the approved individual, except that the registered eligible business organization shall be entitled to transfer such membership or membership interest, and to receive the net proceeds from transfer of such membership or membership interest after satisfaction of all claims against the approved individual, or against the registered eligible business organization, in accordance with Rules 252.00 and 253.00 of this Chapter.
- (ii) A registered eligible business organization owning the title and value of a full membership, associate membership, or membership interest may transfer said membership or membership interest to another approved individual who is also a managerial employee of the eligible business organization, by delivering to the Department of Member Services a report of intention to transfer upon such form as shall be prescribed by the Exchange. In addition, with respect to the transfer of a full or associate membership, the firm must deposit with the Department of Member Services an amount equal to the weighted average of all full or associate membership sales for the preceding calendar month, as appropriate. With respect to the transfer of a membership interest, the firm must deposit the greater of \$50,000 or an amount equal to the weighted average of all GIM, COM or IDEM sales, for the preceding calendar month, as appropriate. Such amount may be deposited in cash, treasury bills, or such other form as the Association may permit. All amounts deposited shall be available, without restriction, to satisfy claims against the departing approved individual or against the registered eligible business organization under this Chapter. In lieu of a deposit, a firm may file a clearing firm guaranty for the satisfaction of claims in an amount that accords with the formulas set forth in this sub-paragraph. Should the departing approved individual be leaving the employ of the member firm, the application for membership or transfer documents of the transferee must be submitted to the Association within thirty (30) days from the termination date of the departing approved individual. The Exchange may, in its discretion, grant extensions of this 30 day approval period. No such extension shall exceed 60 days total length for any individual.



- (iii) Nothing herein shall preclude or impair the right of the Exchange to impose discipline upon the registered eligible business organization, or upon the approved individual, or to dispose of the membership or membership interest of any approved individual, for the acts or delinquencies of the registered eligible business organization, or for the acts or delinquencies of the approved individual, in accordance with the Rules and Regulations of the Association.
- (iv) An approved individual whose only remaining membership or membership interest has been transferred in accordance with this paragraph (b) shall not make any Exchange contracts after the date of such transfer.
- (v) In the event that a registered eligible business organization owning the title and value of a full or associate membership or membership interest is acquired by another registered eligible business organization through the purchase of 100% of the partnership or limited liability company property or corporate stock, the acquiring eligible business organization may transfer said membership or membership interest to another approved individual who is a managerial employee of the acquiring eligible business organization by complying with the procedures set forth in sub-paragraph (ii), hereof.

A registered corporation that owns the title and value of a full or associate membership or member interest may transfer said membership or membership interest to another approved individual who is a managerial employee of its wholly-owned registered subsidiary corporation or its registered parent partnership or corporation which owns 100% of its stock, or a sister corporation that is 100% owned by the parent entity, by complying with the procedures set forth in sub-paragraph (ii), hereof. A registered partnership that owns the title and value of a full or associate membership or membership interest may transfer said membership or membership interest to another approved individual who is a managerial employee of its wholly-owned registered subsidiary or a sister entity that is 100% owned by the parent entity, by complying with the procedures set forth in sub-paragraph (ii), hereof. A registered limited liability company that owns the title and value of a full or associate membership or membership interest may transfer said membership or membership interest to another approved individual who is a managerial employee of its wholly-owned registered affiliate or a sister affiliate that is 100% owned by the parent entity by complying with the procedures set forth in sub-paragraph (ii), hereof. Each such transfer of a GIM Membership Interest shall count toward the two transfers specified in Rule 296.00 (2).

- (vi) The parties to the transfer set forth in sub-paragraph (ii) of this paragraph may elect not to deposit a sum of money or file a clearing firm guaranty agreement as provided therein, in which case the transferee shall, for a period of time equal to that set forth in paragraph (e) of this Regulation, be ineligible to exercise any of the rights and privileges of the transferred membership or membership interest and, during this time and no other, all claims as set forth in sub-paragraph (ii) of this paragraph against the transferor shall be filed. If such claims are filed the transferee shall remain ineligible until the claims are satisfied or otherwise disposed. In order to satisfy claims set forth in sub-paragraph (ii), which have been properly filed and allowed by the Association, as provided by the Rules and Regulations, the transferred membership or membership interest may be sold by the Association. In the event of such sale and after the claims have been paid, the remaining surplus, if any, of the proceeds of sale shall be paid to the registered eligible business organization upon execution by it of a release which is satisfactory to the Association. In order to preclude the sale of the membership or membership interest by the Association for the satisfaction of claims, and for the transferee to become immediately eligible to exercise the rights and privileges of the transferred membership or membership interest, the registered eligible business organization may, in the alternative, deposit a sum of money or file a clearing firm guaranty as provided in sub-paragraph (ii) hereof.
- (vii) An approved individual whose membership or membership interest status was terminated through a transfer in accordance with this paragraph (b), and who was a member or membership interest holder in good standing, not subject to any Exchange investigation, charges, suspension or disciplinary action at the time of such transfer, shall remain eligible, for a period of thirty (30) days following such transfer, to purchase another membership or membership interest under the provisions of this paragraph (a) or to be the transferee of a membership or membership interest pursuant to subparagraphs 249.01 (b) (c) or (d) in accordance with provisions of Regulations 202.01 and/or 230.18, as applicable. The

Exchange may, in its discretion, grant extensions of this 30 day approval period. No such extension shall exceed 60 days in total length for any individual.

(c) Transfer by member under loan agreement -

- (i) Whenever, under the Rules and Regulations, a registered eligible business organization is required to register a certain number of full or associate memberships or is required to maintain memberships for other purposes, such eligible business organization may execute with an employee, approved for membership under this Chapter, a loan agreement in such form as the Association may prescribe, advancing to such employee the cost of membership and providing for the enforced repayment of such advance. The employee may transfer his membership to another employee of the same registered eligible business organization, approved for membership under this Chapter, upon the deposit with the Department of Member Services of an amount equal to the sum specified in sub-paragraph (ii) of paragraph (b) of this Regulation. All amounts so deposited shall be available, without restriction, to satisfy claims under this Chapter. Should the transferor be leaving the employ of the registered eligible business organization, the application for membership of the transferee must be submitted to the Association within thirty (30) days from the termination date of the transferor.
- (ii) Transfer under this paragraph (c) except as provided in sub-paragraph (i) hereof, shall be governed by the provisions of paragraph (a) of this Regulation.

(d) Transfer within family -

- (i) It shall be permissible, under the Rules and Regulations, to transfer a full or associate membership or membership interest between members of the same family (a spouse, parent, child, grandparent, or grandchild), or a decedent's membership or membership interest within the same family, provided such transferee is approved for the appropriate membership status under this Chapter and a clearing firm guaranty is filed, or sum of money as described in paragraph (b) is deposited with the Department of Member Services in order to satisfy claims.
- (ii) The parties to the transfer may elect not to deposit a sum of money as provided in paragraph (b), in which case the transferee shall, for a period of time equal to that set forth in paragraph (e) of this Regulation, be ineligible to exercise any of the rights and privileges of the transferred membership or membership interest, and during this time and no other, all claims against the transferor shall be filed. If such claims are filed the transferee shall remain ineligible until the claims are satisfied or otherwise disposed. In order to satisfy claims against the transferor, which have been properly filed and allowed by the Association, as provided by the Rules and Regulations, the transferred membership or membership interest may be sold by the Association. In the event of such sale and after the claims have been paid, the remaining surplus, if any, of the proceeds of sale shall be paid to the transferee, or his legal representative, upon execution by him of a release which is satisfactory to the Association. In order to preclude the sale of the membership or membership interest by the Association for the satisfaction of claims, and to become immediately eligible to exercise the rights and privileges of the transferred membership or membership interest, the transferee may, in the alternative, comply with the provisions of sub-paragraph (i), hereof.
- (iii) Transfer under this paragraph (d), except as provided in sub-paragraph (i) and (ii) hereof, shall be governed by the provisions of paragraph (a) of this Regulation.

(e) Notice of membership sale or transfer and filing claims -

- (i) On the first and sixteenth calendar day of each month (or if the first or sixteenth is not a business day on the following business day ("notice days")), the Secretary shall post on the bulletin board located on the Exchange floor a notice listing each sale or transfer of a membership, each termination or expiration of a delegation agreement, each termination of an individual member registration and each termination of a member firm registered in accordance with the provisions of Rule 230.00 that occurred during the period beginning on the preceding notice day and ending on the business day preceding the current notice day. The Secretary shall also make this information available to the membership. The last day for filing claims pursuant to Rule 253.00 against the proceeds of the sale or

transfer of a membership, the termination of an individual member registration, a termination of a member firm or pursuant to Rule 221.00 (c)(2) against a delegate whose delegation agreement has terminated or expired is the business day immediately preceding the notice day that follows the notice day on which the Secretary posts a notice on the bulletin board announcing such sale or transfer or such termination or expiration of a delegation agreement. The Exchange shall hold the proceeds from the sale or transfer of a membership until such time as the relevant claims period has run and/or any disputed claims have been resolved.

- (ii) Upon the effective date of sale or transfer of an individual's sole membership, all Exchange contracts of the seller or transferor shall mature, and if not settled, shall be closed out as in the case of insolvency, unless the same are assumed or taken over by another member of the Association.
- (iii) The name of a member whose membership or membership interest has been disposed of by the Board shall be posted as in the case of a voluntary sale and such posting shall have the same effect in respect to open contracts and unmatured debts and obligations of the former member as in the case of a voluntary sale.

(f) Sale by Legal Representative -

- (i) The membership or membership interest of a deceased member or membership interest holder may be sold pursuant to an offer to sell executed by the executor, administrator or other duly qualified and appointed legal representative of his estate.
- (ii) The full or associate membership or membership interest of a member or membership interest holder who has been adjudicated incompetent may be sold pursuant to an offer to sell executed by his duly appointed guardian, conservator or other duly qualified legal representative.

(g) Indirect Exchange of Memberships -

- (i) A member may exchange an associate membership for a full membership (an "AM Swap"), a full membership for an associate membership (an "FM Swap"), a GIM membership interest for an associate membership (a "GIM to AM Swap"), a GIM membership interest for a full membership (a "GIM to FM Swap"), a COM membership interest for an associate membership (a "COM to AM Swap"), a COM membership interest for a full membership (a "COM to FM swap") a COM membership interest for an IDEM membership interest (a "COM" to IDEM Swap"), an IDEM membership interest for an associate membership (an "IDEM to AM swap"), an IDEM membership interest for a full membership (an "IDEM to FM swap") or an IDEM membership interest for a COM membership interest (an "IDEM to COM Swap"), by signing an offer to exchange in such form as shall be prescribed by the Exchange. The offer to exchange shall specify the category of membership being relinquished (the "relinquished membership"); the category of membership the exchanging member wishes to acquire (the "replacement membership"), and the "Price Differential" at which the exchange is to be effected (as described below).

The offer to exchange shall be accompanied by: (1) In the case of an AM, GIM to AM, GIM to FM, COM to AM, COM to FM, IDEM to AM or IDEM to FM Swap, a certified or cashier's check in the amount of the Price Differential, or an agreement of a clearing member of the Association as described in section (a)(ii) of this Regulation; and (2) an agreement of a clearing member of the Association to pay to the Association in cash upon demand the amount of any assessments or claims against the exchanging member's relinquished membership according to Rule 252.00 up to the value of the relinquished membership at the time the exchange is accepted. For this purpose, the value of the relinquished membership will be the bid price for such membership. In the case of a COM to IDEM Swap or an IDEM to COM Swap, the offer to exchange shall be accompanied by a certified or cashier's check in the amount of the Price Differential, or an agreement of a clearing member of the Association as described in section (a)(ii) of this Regulation if the value of the relinquished membership exceeds the value of the replacement membership. For the purpose of the preceding sentence, the value of the relinquished membership will be the bid price for such membership and the value of the replacement membership shall be the offer price of such membership.

- (ii) The Department of Member Services shall post continually on the Bulletin Board the highest Price Differential for AM, GIM to AM, GIM to FM, COM to AM, COM to FM, COM to IDEM, IDEM to AM, IDEM to FM and IDEM to COM swaps, and the lowest Price Differential for FM swaps. In the event there are two or more AM swaps, two or more FM swaps, two or more GIM to AM Swaps, two or more GIM to FM Swaps, two or more COM to AM Swaps, two or more COM to FM Swaps, two or more IDEM to AM swaps two or more IDEM to FM Swaps, or two or more COM to IDEM Swaps (or IDEM to COM swaps) offered at the same Price Differential, the oldest offer shall be listed first.
- (iii) The Department of Member Services shall notify an exchanging member that the member's offer to exchange has been accepted when (1) the difference between the bid price for



memberships in the category of the relinquished membership and the offer price for memberships in the category of the replacement membership equals (2) the Price Differential for the offer to exchange. Upon notification of acceptance of the offer to exchange, the Department of Member Services shall cause the Association to acquire the relinquished membership from the exchanging member, sell the relinquished membership at its bid price, acquire the replacement membership at its offered price, and transfer the replacement membership to the exchanging member. The exchanging member shall pay the applicable transfer fee not later than 5:00 p.m. of the first business day following acceptance of the offer to exchange.

- (iv) If, prior to acceptance of an offer to exchange, the posted Price Differential for AM Swaps matches the posted Price Differential for FM Swaps, the Department of Member Services will notify the respective members and will effect a direct exchange of their memberships according to paragraph (h) below.
- (v) Title and value of the relinquished membership shall pass to the Association, and title and value of the replacement membership shall be transferred to the exchanging member, upon notification by the Association that the exchange offer has been accepted.
- (vi) The proceeds from the sale of the relinquished membership shall be applied to payment for the replacement membership. Any excess proceeds shall be applied in the manner specified in Rule 252.00 to satisfy assessments and claims against the relinquished membership. The exchanging member shall only be entitled to the replacement membership and any excess proceeds (subject to application of Rule 252.00); in no event shall the exchanging member be entitled to demand receipt of the proceeds from the sale of the relinquished membership in lieu of receipt of the replacement membership.
- (vii) If the exchanging member in an AM, GIM to AM, GIM to FM, COM to AM, COM to FM, IDEM to AM, IDEM to FM, COM to IDEM, or IDEM to COM swap fails to make payment for the Price Differential by 5:00 p.m. of the next business day following the day on which the member was notified by the Department of Member Services that the member's offer to exchange was accepted, the exchanging member shall forfeit ownership of the title and value of the replacement membership and the clearing member who has executed an agreement to purchase the membership as provided in section (a) (ii) of this Regulation shall make such payment by 5:00 p.m. of the next business day following the day upon which payment was due from the exchanging member. Upon such payment, the clearing member shall be the owner of the title and value of the replacement membership. The clearing member shall either sell or transfer the replacement membership or cause the replacement membership to be registered on its behalf in accordance with Rule 230.00 of these Rules and Regulations. The clearing member shall account to the exchanging member for the portion of the replacement membership bid price paid from the proceeds from the sale of the relinquished membership.

Failure to fulfill the obligations set forth in said agreement shall constitute acts detrimental to the interest and welfare of the Association.

- (viii) The person who purchases the relinquished membership from the Association and the person who sells the replacement membership to the Association shall follow the procedures specified in section (a) or (b) of this regulation as applicable. Exchanges under this section (g), except as provided herein, shall be governed by the provisions of this Chapter.

(h) Direct Exchange of Memberships -

- (i) A member in good standing may transfer (1) an associate membership in direct exchange for a full membership of another member, (2) a full membership for an associate membership of another member, (3) a GIM membership interest for an associate membership of another member, (4) a GIM membership interest for a full membership of another member, (5) a COM membership interest for an associate membership of another member, (6) a COM membership interest for a full membership of another member, (7) an IDEM membership interest for an associate membership of another member, (8) an IDEM membership interest for a full membership of another member, (9) an IDEM membership interest for a COM membership interest of another member or (10) a COM membership interest for an IDEM membership interest of another member. The exchanging members shall jointly execute and deliver to the Department of Member Services an agreement of direct exchange in such form as may be prescribed by the Exchange and setting forth the agreed Price Differential between the memberships. The agreement shall be accompanied by (1) a check

from each member in the amount of the applicable transfer fee, (2) a certified or cashier's check for the Price Differential, and (3) for each member, an agreement of a clearing member of the Association to pay to the Association in cash upon demand the amount of any assessments or claims against the exchanging member's relinquished membership according to Rule 252.00 up to the value of the relinquished membership at the time the exchange is accepted. For this purpose, the value of the relinquished membership shall be the average of the posted bid and offer prices for such memberships; provided that if there is either no posted bid or no posted offer, the value shall be the price paid in the last sale of such memberships. Title and value of the memberships shall be transferred to the respective exchanging members upon notification from the Department of Member Services that it has accepted the exchange.

(ii) Exchanges under this section (h), except as provided herein, shall be governed by the provisions of this Chapter.

(i) Transfer to a Trust -

(i) A member or membership interest holder (collectively referred to as "member" under this section) or a member's personal representative (including his or her agent under a durable power of attorney) may transfer his or her membership(s) or membership interest(s) to a trust of which the member is a grantor, if: (1) while the member is living and competent, the member is the sole trustee of the trust, (2) the member retains the right to revoke the trust during his or her life, and (3) all beneficiaries of the trust are members of the grantor's family who would be eligible for a family transfer from the grantor pursuant to section (d) of this regulation.

(ii) A trust shall take the membership subject to all of the rules of the Exchange, including Rules 230.00 and 252.00; however, Rule 252.00 shall not apply to the transfer of a membership or membership interest to a trust wherein the member/grantor is the trustee. The transfer of a GIM membership interest to a trust wherein the member/grantor is the trustee shall not constitute a transfer under Rule 296.00(1).

(iii) The interests in the membership that inure to the beneficiaries of the trust shall be subject to all of the rules of the Exchange; the Exchange's rights with respect to the membership shall be superior to those of the beneficiaries; and the Exchange shall have no liability to the beneficiaries of the trust in the event of the mishandling of the trust assets by the trustee. The grantor and the trustee (and any successor) shall each provide in the form provided by the Exchange an acknowledgement that the trust takes the membership subject to all of the rules of the Exchange and that the trust is in compliance with the requirements of this regulation.

(iv) The trustee (and any successor), if not already a member, shall be required to qualify for membership and satisfy the requirements of Chapter 2 of these Rules and Regulations.

(v) The grantor's liability to the Exchange under Rule 209.00 shall continue with respect to any claim arising out of an act or omission occurring prior to such transfer, and the membership will continue to be treated as the asset of the grantor for the purposes of Rule 209.00 and for otherwise meeting any obligations to the Exchange arising out of the grantor's use of the membership prior to the transfer to the trust, including fines imposed with respect to conduct occurring prior to the transfer.

A membership or membership interest held in a trust of which the member/grantor is the sole trustee may be temporarily transferred, subject to the provisions of section (j) of this regulation, to an individual within the member/grantor's same family, as defined in section (d)(I) of this regulation.

(vi) A membership held in trust may not be registered for member firm privileges.

(vii) Subparagraph (vi) shall not apply to self-owned registered memberships, provided that the member demonstrates, to the satisfaction of the Association and before the membership is placed in trust, that the declaration of the trust into which the membership will be transferred incorporates by express reference the Rules and Regulations of the Association.

This subparagraph shall have no effect on the provision of Regulation 249.01(j)(iv) that prohibits the use of a membership that is the subject of a revocable intra-family transfer for

member firm privileges.

(viii) The transfer shall be revoked and the membership shall revert to the transferor upon official notice to the Exchange that the trust has been revoked.

(j) Notwithstanding the provisions of section (d) of this regulation pertaining to permanent family transfers, a member or membership interest holder may temporarily transfer his or her respective membership or membership interest to a member of his or her immediate family, as defined in section (d) (i) of this regulation, who shall be subject to all Exchange Rules and Regulations.

Transfers under this section shall be subject to the following terms and conditions:

(i) The transferor may revoke the transfer upon written notice to the transferee, and a copy thereof shall be filed by the transferor with the Member Services Department as a precondition to its effectiveness. The transferee shall remain approved for membership under the same conditions which are applicable in the event of a termination of a delegation agreement, as set forth in Rule 221.00(a).

(ii) The transfer shall be revoked and the membership or membership interest shall revert to the transferor's estate or conservator upon official notice of the death or formally declared incompetence of the transferor.

(iii) Upon election to membership, the transferee shall be treated as a member for all purposes, except that the transferee shall have no authority to sell, transfer or assign the membership or membership interest. The right to vote on all matters subject to a ballot vote among the general membership will remain with the transferor. A Full or Associate Member shall not be ineligible for elective office or committee appointments based on such member's having temporarily transferred his or her Full or Associate Membership pursuant to this section (j).

(iv) While a transfer under this section is in effect, the membership involved would not qualify the transferee for elective office and the membership may not be registered under Rule 230.00 for member firm privileges.

(v) The provisions of Rule 221.00(c) shall apply to the transferor and the transferee in the same manner that those provisions apply to a member and his delegate.

(vi) The transferor may sell or transfer the membership at any time in accordance with the provisions of this regulation. The family transfer shall automatically be null and void upon such a sale or transfer by the transferor. The proceeds of the sale of the membership will be distributed to the transferor following the settlement of all claims pursuant to Rule 252.00

(vii) The transfer of a GIM membership interest under this section shall not constitute a transfer under Rule 296.00(1).

(viii) In the case of a membership or membership interest held in trust pursuant to subsection (i), the trustee may transfer the membership or membership interest in accordance with the provisions of this subparagraph (j). The trustee shall have the rights, duties and obligations of a transferor as provided by this subsection (subject to the provisions of subsection (i)). Where the transferor is the trustee of a membership or membership interest held in trust pursuant to subsection (i), and either (1) the trustee revokes the transfer; (2) the settlor is officially declared dead or (3) the settlor is decreed to be legally incompetent by a court of proper jurisdiction, then the membership or membership interest shall automatically revert to the trustee. (10/01/02)

250.01 Sale and Transfer of Membership Privileges - A member or his legal representative desiring to sell his membership or membership interest shall deliver to the Department of Member Services a signed authorization of sale which is notarized or otherwise officially authenticated, or a telecopy thereof, in the form prescribed below. The authorization of sale shall contain a specific offer price. The member must also deliver to the Department of Member Services a signed consent to jurisdiction in a form prescribed by the Exchange before his authorization of sale will be accepted. With respect to the sale of a firm-owned membership, the consent to jurisdiction must be signed by the last member holding the membership and, if the sale would terminate the firm's member firm status, a consent to jurisdiction must also be executed on behalf of the firm. The consent to jurisdiction form provides that the member and, if applicable, the member firm, consents to and accepts the

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Association's jurisdiction with respect to any potential or current disciplinary matter of which the Association is aware or becomes aware prior to the distribution of proceeds and further that the Exchange may retain all of the proceeds from the sale of the member's seat pending the outcome of any disciplinary action. The following shall apply to persons elected to membership and to registered member firms for a period of five years after the termination of such individual's or firm's membership status. Each such individual and firm:

- Remains responsible for any violations of Exchange rules and regulations committed while a member or member firm; and
- Agrees to have any disputes which arose while a member or member firm and which relate to or arose out of any transaction upon the Exchange or membership in the Exchange, resolved in accordance with Exchange rules and regulations.

An individual wishing to purchase a membership or membership interest shall inform the Department of Member Services in such form as shall be prescribed by the Exchange of his desire to purchase a membership or membership interest. When the purchaser's bid has been matched with an offer to sell, the purchaser shall sign a confirmation of purchase and shall by 5:00 p.m. of the next business day following the day on which he was notified by the Department of Member Services that his bid was matched to an offer deposit with the Department of Member Services the balance, if any, owing on the purchase price on the membership or membership interest.

AUTHORIZATION OF SALE

To the Department of Member Services, -----20-----
Board of Trade of the City of Chicago

I hereby offer to sell my membership privilege on the Board of Trade of the City of Chicago for the sum of \$-----to any purchaser, and I authorize you to transfer my membership privilege to such purchaser upon his deposit of said purchase price with you and his payment of the transfer fee, it being understood that I shall pay all assessments up to the end of the quarter in which my membership is thus transferred. I have this date knowingly entered the date and offer price set forth above.

---Please check here if this offer revises and replaces a previous offer to sell your membership privilege.

I ACKNOWLEDGE THAT I AM PERSONALLY LIABLE FOR ANY DAMAGES THAT MAY RESULT IF THIS OFFER REVISES AND REPLACES A PREVIOUS OFFER AND I FAIL TO NOTE THIS BY CHECKING THE SPACE INDICATED ABOVE.

Social Security Number -----

Subscribed and sworn to before me on this ----- Day of -----,
20 -----

Notary Public

CONFIRMATION OF PURCHASE

Mr. -----, 20 -----

I hereby confirm my purchase of your membership privilege on the Board of Trade of the City of Chicago in accordance with Regulations 243.01 and 250.01 for the sum of \$\_\_\_\_\_, it being understood that I have paid to the Board of Trade of the City of Chicago the transfer fee of \$\_\_\_\_\_.

Signed in the presence of



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(01/01/00)

250.02 Memberships Held Under Regulation 249.01(b) - The title and value of a membership procured under Regulation 249.01(b) is owned by the registered eligible business organization acquiring it, but the personal privileges of that membership can only be exercised by one of the registered firm's managerial employees who has been approved by the Membership Committee. For that reason, the registered firm is allowed to designate a qualified individual to exercise the personal privileges of that membership. Any such designation can be terminated by the registered firm at any time. In that event, the individual's right to exercise the personal privileges of that membership terminates immediately and automatically. In the event that an individual wrongfully exercises any personal privilege of membership after termination, the registered firm shall remain responsible for that individual's liabilities and actions until written notice of the termination has been posted on the bulletin board. 1806 (04/01/98)

250.03 Power-of-Attorney - In connection with membership transfers and delegations, a power-of- attorney is permitted to be used only for the following functions;

1. To submit a bid to purchase a membership or membership interest.
2. To sign the membership register.
3. To execute, amend, terminate or file a delegation agreement. (08/01/94)

251.00 Membership Transfer - All purchases or sales of membership privileges shall be made pursuant to Regulations adopted by the Exchange and no commission or other compensation for services in connection with the purchase or sale of a membership in the Association shall be paid. 127 (08/01/94)

251.01 Member Under Investigation - No member may transfer his membership privilege by intrafamily transfer and no member firm may transfer a firm-owned membership from one member employee to another employee under Regulation 249.01(b), unless the approval of the Regulatory Compliance Committee is first secured, when the member is under investigation by any standing committee or by a special committee appointed under the provisions of Rule 541.00 or when charges are preferred against him or when he is under suspension for causes other than default, insolvency, or non-payment of assessments. 1835 (08/01/94)

252.00 Proceeds of Membership -

- (a) ORDER OF DISTRIBUTION. Upon any transfer of membership, whether made by a member voluntarily or by the Board, the proceeds shall be applied to the following purposes and in the following order of priority:
  - (1) FIRST, the payment of all dues, assessments, service fees, fines, contributions, and charges payable to the Association by the member whose membership is transferred, and all other indebtedness of such member to the Association.
  - (2) SECOND, the payment of all dues, assessments, fines and charges payable by such member to the Clearing House, and all other indebtedness of such member to the Clearing House.
  - (3) THIRD, the payment to such member's Primary Clearing Member or Members, as specified in Rule 333.00, of all claims filed under Rule 253.00 for trading losses of such member arising out of Transactions on Change, and which claims have been allowed by the Board.
  - (4) FOURTH, the payment to other Clearing Members of all claims filed under Rule 253.00 for trading losses of such member arising out of Transactions on Change, and which claims have been allowed by the Board.
  - (5) FIFTH, the payment to members and member firms of all claims filed under Rule 253.00 for money owed on loans which had been made to the member whose membership was transferred, exclusively for the purpose of financing the purchase of such membership, and

which had been promptly recorded with the Secretary of the Association, and which claims have been allowed by the Board.

- (6) SIXTH, the payment to members and member firms of all claims filed under Rule 253.00 otherwise arising from Member's Contracts, exclusive of personal debts which are not related to the conduct of business as a broker, trader or commission merchant, and which claims have been allowed by the Board. Provided, however, that this provision shall not apply to a membership subject to Regulation 249.01(b) or 249.01(c).
- (b) PRO RATA PAYMENT. If the proceeds of a transfer of membership are insufficient to pay all filed claims allowed by the Board, such claims, within the priorities listed in (a) above, shall be paid pro rata, except as provided in (e) below.
- (c) SURPLUS, IF ANY. Claims which are not filed during the period specified in Regulation 249.01 but which would otherwise qualify under (a) above may, if allowed by the Board, be paid out of any surplus after all other claims allowed by the Board have been paid in full and shall be paid in preference to claims referred to in (e) below. The remaining surplus, if any, of the proceeds of a transfer of membership, after payment of all claims allowed by the Board under this Rule, shall be paid to the person whose membership is transferred, or to his legal representatives, upon the execution by him or them of a release or releases satisfactory to the Board.
- (d) VALUATION.
- (1) Claims which have not matured at the time of the transfer of the membership may be treated as though they had matured, and the amount due may be fixed and determined by the Board on the basis of market values or such other basis as the Board deems to be fair and just.
- (2) If a claim is contingent or the amount that will ultimately be due cannot be immediately ascertained and determined, the Board may reserve and retain such amount from the proceeds as it deems appropriate, pending determination of the amount due on the claim.
- (3) A claim shall be allowed by the Board only for the amount due after credit is given for the proceeds of the sale of any collateral held by the claimant of the fair value of such collateral as determined by the Board, The Board may require, before passing on the claim, that all such collateral be sold.
- (e) CLAIMS OF PARTNERS. Claims growing out of transactions between partners, who are members of the Association, shall not share in the proceeds of the membership of one of such partners until all other claims as allowed by the Board have been paid in full.
- (f) RIGHTS OF CREDITORS OF DECEASED, INCOMPETENT, SUSPENDED, OR EXPELLED MEMBER. The death, incompetency, expulsion or suspension of a member shall not affect the right of creditors under the provisions of this Rule.
- (g) DEATH OR INCOMPETENCY OF CREDITOR MEMBERS. When a member is in debt to another member, the death or incompetency of the creditor member or the transfer of his membership either by his estate or by the Board, shall not affect the rights of the creditor member, his firm, corporation, or estate, to share in proceeds of the membership of the debtor member under this Rule, in the same manner and to the same extent as if the creditor member had not died, become incompetent or his membership had not been transferred.
- (h) DEBTS EXISTING AS OF THE EFFECTIVE DATE OF THIS RULE AS AMENDED. Within 20 business days after the effective date of this Rule, as amended, all members and member firms shall notify the Secretary of the Association of all member debts outstanding as of the effective date which debts have arisen out of members' contracts had between the parties thereto in the ordinary course of business. The Secretary shall record such debts. All recorded debts still remaining unpaid at the time of the transfer of the debtor's membership, if allowed by the Board, shall be included in Category 3 of this Rule to be paid pro rata if necessary along with claims under that category, provided such debts are determined by the Board to have arisen out of members contracts had between the parties thereto in the ordinary course of business. The notice to the Secretary shall include the debtor member's acknowledgment of the debt; provided, however, that

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any contested debts will be provisionally recorded by the Secretary.  
(08/01/94)

252.00A Claims Filed by Corporations - Your Rules and Claims and Insolvencies Committees concur in the attorney's opinion that a corporation cannot share in the proceeds of the sale of memberships against which the corporation has filed claims (even claims filed prior to the cancellation of the registration of its officer's membership) after the member has cancelled the registration of his membership for the benefit of the corporation, leaving no other member registered for the corporation. 3R (08/01/94)

252.00B Interpretation of Rule 252(e) - The Rules Committee has interpreted Rule 252(e) as follows:

Where a partnership is the primary or other clearing member for one of its member partners, such partnership may make claims against the proceeds from the sale of such partner's membership under the provisions of Rule 252.00(a) (3) or (4) for trading losses. A partnership may make claims against the proceeds from the sale of a partner's membership under Rule 252.00(a) (5) where such loan had been made exclusively for the purpose of financing the purchase of the partner's membership. (08/01/94)

253.00 Filing Claims - A member to establish his claim and to become entitled to his rights under Rule 252.00 of this Chapter to share in the proceeds of a membership, shall file a statement of his claim during the period specified in Regulation 249.01. Claims if not so filed and allowed by the Board may be paid out of any surplus after all claims allowed by the Board have been paid in full and shall be paid in preference to claims referred to in Rule 252.00(e) of this chapter. 113 (08/01/94)

253.01 Pending Arbitration - In the event an Exchange arbitration action is pending against a member who sells his membership, the entire proceeds from such membership sale shall be reserved and retained by the Exchange towards satisfaction of any resulting arbitration award in accordance with Rule 252.00. However, prior to the arbitration hearing, a selling member whose sale proceeds are being held by the Exchange pending the outcome of an arbitration may make application to the Executive Committee who, upon such application, shall have the discretion to authorize release to the selling member of any of the proceeds in excess of the amount claimed in the arbitration and claims filed pursuant to Rule 252.00. (08/01/94)

255.00 Deceased or Incompetent Member - When a member dies, or when a conservator is appointed for him or his estate, his membership may be disposed of by the Board. If the deceased or incompetent member has neglected to pay assessments, Rule 242.00 shall apply to the disposition of his membership by the Board. 115 (08/01/94)

256.00 Expelled Member - When a member is expelled or becomes ineligible for reinstatement, his membership may be disposed of forthwith by the Board. 116 (08/01/94)

270.00 Insolvency - A member, or any other person with trading privileges, who fails to perform his contracts, is insolvent, or is the subject of petition for bankruptcy, or whose membership is registered for a member firm which fails to perform its contracts, is insolvent, or is the subject of a petition for bankruptcy, shall immediately inform the Secretary in writing that he or his firm or corporation is unable to meet his or its engagements, and prompt notice thereof shall be given to the Association. Subject to the provisions of Regulation 540.06, he shall thereby become suspended from membership until, after having settled with his creditors or the creditors of his firm or corporation, he has been reinstated by the Board.

If a clearing member firm learns that any of the above-specified conditions apply to a member or member firm whose trades it clears, the clearing member firm must also immediately provide written notice thereof to the Secretary, and prompt notice thereof shall be given to the Association. For purposes of this provision, a clearing member firm will be deemed to have learned of such conditions, if a member who is registered for the firm, and is also a general partner of a partnership, an officer or director of a corporation, or a manager of a limited liability company, has actual knowledge thereof.

Nothing in this Rule shall preclude disciplinary action for the violation of any Rule or Regulation of the Association which contributed to the condition for which the person is suspended under this Rule. (06/1/00)

270.01 Restrictions on Operations - The Financial Compliance Committee shall advise the Chairman or Acting Chairman of the Board whenever it appears that a member, registered eligible business organization, wholly-owned affiliate of such member or registered eligible business organization or any other person with trading privileges is insolvent; is failing to meet the minimum capital requirements of the Association and cannot demonstrate its ability to achieve compliance; is in such financial condition that it cannot be permitted to continue in business with safety to its customers, its creditors, or the Association; or such other condition or practice exists which may adversely affect the safety of funds or positions carried for others. Upon the receipt of such advice, the Chairman or Acting Chairman may, subject to the provisions of Regulation 540.06, impose any restriction upon the operations of a member, registered eligible business organization, wholly-owned affiliate or any other person with trading privileges as he deems appropriate in the circumstances, including but not limited to the following:

- (a) Restrictions upon the solicitation and or acceptances of new positions or new accounts;
- (b) In the case of positions or funds not otherwise protected by law which are carried for the benefit of others, restrictions upon the uses to which such positions or funds may be applied, and
- (c) Restrictions upon the carrying of funds or positions of others on an omnibus account basis.

Any member, registered eligible business organization, their wholly-owned affiliates, or persons with trading privileges failing or refusing to comply promptly with a restriction imposed by the Chairman shall be fined, suspended, or expelled by the Board.

Nothing in this Regulation shall preclude disciplinary action for the violation of any Rule or Regulation of the Association which contributed to the condition for which restrictions are imposed under this Regulation. 1794 (04/01/98)

270.02 Procedures for Member Responsibility Actions - (See 540.06) (08/01/94)

270.03 Finality of Disciplinary Decisions and Member Responsibility Actions - (See 540.07) (08/01/94)

271.00 Announcement of Suspension - Whenever a member, registered eligible business organization or any other person with trading privileges has been suspended pursuant to Regulation 540.06, the Secretary shall immediately announce to the Association the suspension of such member, eligible business organization, or other person. If such suspension is modified or rescinded after hearing, the Secretary shall announce the revised action to the membership. 120 (04/01/98)

272.00 Insolvent Member - When announcement is made of a suspension of a member, firm or

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corporation pursuant to the Rules and Regulations, members have Exchange contracts with the member, firm or corporation may proceed to close the same on the Exchange or in the best available market, except insofar as the By-Laws and Resolutions of the Clearing House are applicable and provide the method of closing. Should a contract not be closed, as above provided, the price of settlement shall be fixed by the Regulatory Compliance Committee.

Such suspended member, firm or corporation shall upon request of any customer immediately arrange for the transfer of each open position of such customer to such other person, firm or corporation as such customer may designate. 121 (08/01/94)

272.01 Bankruptcy of a Member or Non-Member - Whenever an order for relief under the Bankruptcy Code as defined in Regulation 272.02 is entered for a member, firm or corporation, or for a non-member, members having Exchange contracts with the bankrupt member or non-member may proceed to close the same on the Exchange in accordance with the provisions of Rule 272.00. (08/01/94)

272.02 Deliveries in Bankruptcy Situation -

(a) For purposes of this Regulation:

- (i) The term "customer" shall mean any person for whom a member carries an Exchange futures contract except a non-public customer as that term is defined in CFTC Regulation 190.01(bb).
- (ii) The term "debtor" shall mean any member with respect to which an order for relief is entered under the Bankruptcy Code.
- (iii) The term "order for relief" means the filing of a petition in bankruptcy in a voluntary case and the adjudication of bankruptcy in an involuntary case.
- (iv) The term "tender" with respect to a notice of delivery shall mean, in the case of a short clearing member that has presented such a notice to the Clearing House, the assignment of such notice by the Clearing House to a long clearing member, and, in the case of a long clearing member, the acceptance by such member of such notice from the Clearing House if such notice is not transferred by such long clearing member within the time permitted under the Rules of the Association or the Clearing House.

(b) This Regulation shall apply only in the event and under the circumstances set forth in paragraph (c) hereof, and only in the event that the opposite clearing member referred to in said paragraph (c) is not itself a debtor.

(c) Any provisions of the Rules or the Clearing House Rules to the contrary notwithstanding, in the event that any member becomes a debtor, and that at that time such member carries for a customer any Exchange futures contract in the current delivery month with respect to which the underlying physical commodity has not become a part of the debtor's estate on the date of the entry of the order for relief, and with respect to which:

- (i) trading has ceased on the date of the entry of the order for relief; or (ii) notice of delivery has been tendered on or before the date of the entry of the order for relief; or
- (iii) trading ceases before such futures contract can be liquidated by the trustee of the debtor's estate;

then, any customer for whose account such member is holding any such futures contract shall make delivery of and receive payment for, or receive delivery of and make payment for, the physical commodity as required to fulfill such contract directly between the customer and the opposite clearing member identified by the Clearing House as the party to whom delivery should be made or from whom delivery should be taken by such customer, through and in accordance with the bylaws of the Clearing House, and such opposite clearing member shall receive delivery of and make payment for, or make delivery of and receive payment for, such commodity in accordance with the bylaws of the Clearing House; provided, however, that nothing contained herein shall prevent such customer and such opposite clearing member from settling any such contract on such terms as may be mutually agreed upon.

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- (d) The making or taking of delivery or payment with respect to any futures contract in accordance with paragraph (c) shall discharge in full the obligations of such customer and such opposite clearing member to the debtor and to every other person with respect thereto, but shall not discharge the debtor from any of its obligations with respect to such contract except to the extent that such delivery or payment is made.
- (e) Nothing contained in this Regulation shall relieve any customer of its obligation to make or take delivery under any Exchange futures contract for the sole reason that delivery must be made to or taken from a commodity broker which is a debtor. (08/01/94)

273.00 Investigation - Every person suspended under the provisions of Rule 270.00 shall immediately afford every facility required by the Office of Investigations and Audits for the investigation of his affairs, and shall, after the announcement of his suspension, file with the Office of Investigations and Audits a written statement covering all information required by the Office of Investigations and Audits, including a complete list of his creditors and amount owing to each. 122 (08/01/94)

273.01 Insolvency - When the Financial Compliance Committee from any preliminary investigations or otherwise, has reason to suspect that any member of the Association is threatened with insolvency, it shall co-operate with such member, in any feasible manner not contrary to the Rules and Regulations of the Association, to save such member from open and judicial bankruptcy. When this is not practicable, the Committee shall then take such other action as will in its judgment assist in securing a prompt, efficient, and economic administration of the member's assets for the bankrupt, as well as for the members of the Association and customers of such bankrupt, who are creditors. Nothing herein, however, shall authorize such Committee to bind the Association to any pecuniary obligation. 1815 (08/01/94)

274.00 Reinstatement - When a person suspended under the provisions of this Chapter applies for reinstatement, the Secretary shall make notice thereof available to the membership and shall post notice thereof, upon the bulletin board at least fifteen days prior to the consideration by the Board of such application. The applicant shall furnish to said Board the list of his creditors, a statement of the amounts originally owing and the nature of the settlement in each case. The application shall be heard in accordance with Regulation 540.03.

If the applicant fails to receive the approving vote of two-thirds of the members of the Board present, the applicant shall be entitled to be balloted for at two subsequent regular meetings of the Board to be designated by himself; provided, however, that the three ballots to which the applicant shall be entitled, shall be within six months from the date of his suspension, or until such time as the membership is sold, or within such further extended time for settlement as may have been granted by the Board. 124 (05/01/01)

275.00 Suspended or Expelled Member Deprived of Privileges - (See 561.00) (08/01/94)

276.00 Suspended Member-Time for Settlement - If a person suspended under the provisions of this Chapter fails to settle with his creditors and fails to apply for reinstatement within (30) thirty days from the date of his suspension, or within such further time as the Board may grant, or fails to obtain reinstatement as elsewhere herein provided, his membership may be disposed of by the Board.

The Board may, by a two-thirds vote of the members present, extend the time of settlement for periods not exceeding one year each. 123 (06/01/99)

277.00 Discipline During Suspension - (See 562.00) (08/01/94)

278.00 Suspension for Default - Where a member, or any other person with trading privileges, fails or refuses to (a) perform an Exchange contract with (b) pay obligations arising out of such contracts to another member, or (c) pay obligations owed to the Association, the defaulting member, on complaint of the other member or, in the case of a debt owed to the Association, of the Treasurer of the Association, shall, subject to the provisions of Regulation 540.06, be suspended until the contract is performed or the debt satisfied. Registered firms and corporations shall be deemed members under this Rule. Application for reinstatement shall allege, under oath, that all such debts have been discharged, and notice of such application shall be posted on the bulletin board fifteen days prior to the hearing of such application pursuant to Rule 274.00.

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Nothing in this Rule shall preclude disciplinary action for the violation of any Rule or Regulation of the Association which contributed to the condition for which the member is suspended under this Rule. 130 (12/01/96)

278.01 Arbitration of Default - If the member alleged to be in default pursuant to Rule 278.00 denies the default, he shall be entitled to have the claim arbitrated. If the claim is admitted or established by a final arbitration award, the defaulting member shall be suspended until he has satisfied and discharged the debts owing to members on Exchange contracts. (08/01/94)

285.01 Financial Questionnaire - Each member, registered eligible business organization or wholly-owned affiliate of such member or registered eligible business organization shall furnish to the Business Conduct Committee or the Financial Compliance Committee, at such times as the Committee may designate, an answer to a financial questionnaire in such form as the Committee may prescribe. 1781 (04/01/98)

285.02 Audits - The Business Conduct or Financial Compliance Committee may require any member, registered eligible business organization or its wholly-owned affiliates carrying margin accounts for customers or transacting business involving the purchase and sale of cash commodities for customers, to cause to be made as of the date of an answer to a financial questionnaire, an audit of his or its assets, liabilities, accounts and affairs, including securities held for safekeeping, in accordance with such audit requirements as may be prescribed by said Committee, and to file with said Committee a statement to the effect that such an audit has been made and that the answers to the questionnaire are in accord therewith.

Such statement shall in the case of any such member of the Association not a partner of a registered partnership, a manager of a registered limited liability company, nor an officer of a registered corporation, be signed by such member. In the case of a registered partnership, such statement shall be signed by two general partners of the partnership, one of whom must be a member of the Association. In the case of a registered corporation, such statement shall be signed by at least two of the bona fide, active executive officers of the corporation, one of whom must be a member of the Association whose membership is registered on behalf of the corporation. In the case of a registered limited liability company, such statement shall be signed by at least two managers of the limited liability company, one of whom must be a member of the Association whose membership is registered on behalf of the limited liability company. In the case of a wholly-owned affiliate of a member, registered partnership, registered limited liability company or registered corporation, such statement must be signed as indicated above, as well as by an active executive officer of the wholly-owned affiliate. The statement must also certify that a copy of it has been made available to each general partner in the case of partnerships, to each of the members of a limited liability company and in the case of corporations each member of the Association whose membership is registered on behalf of the corporation.

The signature of a partner of such partnership, a member of such limited liability company or an officer of such corporation, may be waived by the Committee at the discretion of the Committee.

Such above statement shall in all cases be attested to by the auditors and a copy of the report of the audit signed by the auditors shall be retained as part of the books and records of the member, registered partnership or registered corporation. 1782 (04/01/98)

285.03 Notification of Capital Reductions - Any firm that has been approved to deliver against a CBOT contract must

notify the Exchange in writing within two business days of any event or series of events, including any withdrawal, advance, loan or loss that, on a net basis, causes a twenty percent (20%) or more reduction of its Net Worth as last reported by submission of a financial statement or financial questionnaire. Failure to so notify the Financial Compliance Committee shall be considered an act detrimental to the interest and welfare of the Association under Rule 504.00. (07/01/01)

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285.04 Restrictions on Operations - (See 270.01) (08/01/94)

285.05 Financial Requirements -

A. All member firms that are registered as Futures Commission Merchants must comply with the requirements set forth in the following CFTC Regulations:

1. 1.10 - Financial reports of futures commission merchants; and

a. In addition to the requirements set forth in CFTC Regulation 1.10 each FCM member firm must file:

1. An unaudited quarterly financial statement as of the firm's fiscal year end; and
2. Submit with the certified year-end financial report a reconciliation between the certified financial report and the quarterly unaudited report; and
3. For all financial statement filings, submit a Statement of Income (Loss) for the period between the date of the most recent financial statement or, at the option of the member, the most recent certified financial statement filed with the Exchange; and
4. Each member FCM which also is a member of any other security or commodity exchange or self-regulatory organization or federal agency must promptly submit to the Exchange, unless specifically exempted, copies of any financial statements (for example, Focus Reports) submitted pursuant to the requirements of those exchanges, organizations or agencies.

b. Statement Certification and Attestation Requirements:

1. For a member FCM which is a registered partnership, financial report must be signed in a manner as determined by the Exchange (i.e. - electronic or manual) by the individual designated as the Chief Financial Officer (or as having these responsibilities), in accordance with Chicago Board of Trade Regulation 230.03(a), provided that he is a general partner.
2. For a member FCM which is any type of eligible business organization other than a partnership, financial reports must be signed in a manner as determined by the Exchange (i.e. - electronic or manual) by the individual designated as the Chief Financial Officer (or as having these responsibilities) in accordance with Chicago Board of Trade Regulation 230.03(a).
3. An attestation letter must accompany all audited financial reports which are filed with the Exchange, as well as any financial reports which are not filed electronically. The attestation letter must certify that copies of the financial reports must be made available to: (a) each member of the Chicago Board of Trade whose membership is registered for the FCM; (b) each individual designated by the FCM, in accordance with Regulation 230.03(a); and (c) each general partner in the case of a partnership.
4. The signature of the Chief Financial Officer, or the person who has these responsibilities, may be waived by the Exchange, at the discretion of the Exchange. In the event of such waiver, an FCM will be required, in the case of a partnership, to have a general partner sign the financial reports. In the case of any other type of eligible business organization, the FCM will be required to have the Chief Executive Officer sign the financial reports. In either event, this individual must either be a member of the Chicago Board of Trade, or must have been designated by the FCM, in accordance with Regulation 230.03(a).
5. Financial report audited by an independent public accountant must be attested to by the independent public accountant.
6. Financial reports which are filed through Exchange-approved electronic transmission must be accompanied by the CBOT assigned Personal



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Identification Numbers (PINS) of the authorized signers. The PIN number will constitute and become a substitute for the manual signature of the authorized signer to the electronically filed financial report. The PIN is a representation by the authorized signer that, to the best of his or her knowledge, all information contained in the statement being transmitted under the PIN is true, correct and complete.

7. The unauthorized use of a CBOT assigned Personal Identification Number for electronic attestation by an unauthorized party is forbidden.
2. 1.12 - Maintenance of minimum financial requirements by futures commission merchants; and
3. 1.16 - Qualifications and reports of accountants; and
4. 1.17 - Minimum financial requirements for futures commission merchants and introducing brokers; and
5. 1.18 - Records for and relating to financial reporting and monthly computation by futures commission merchants; and
6. 1.20 through 1.30 - Customers' Money, Securities, and Property; and
7. 1.32 - Segregated account; daily computation and record; and
8. 30.7 - Treatment of foreign futures or foreign options secured amount.

Notwithstanding the foregoing requirements, the CBOT may impose additional accounting, reporting, financial and/or operational requirements as determined necessary.

- B. For firms that are regular to deliver agricultural products see Appendix 4E.
- C. For firms that are regular to deliver Rough Rice see Appendix 37D. (07/01/00)

285.08 Financial Arrangements - Each member who makes an arrangement to finance his transactions must identify to the Exchange the source of the financing and its terms. The Exchange must be informed immediately of the intention of any party to terminate or change any such arrangement. (12/01/94)

285.09 Trading Associations - Each member who makes an arrangement to be on the floor of the Exchange or on the Project A electronic trading system for the purpose of making discretionary trading decisions and executing discretionary trades for a firm must ensure that the firm is registered as a member firm of the Exchange. (08/01/99)

286.00 Trades of Non-Clearing Members - On the first business day of each month each clearing member who is creditor of any member as a result of debts related to the conduct of business as a broker, trader or commission merchant shall report to the Business Conduct Committee the name of each member whose unsecured indebtedness to him is in the amount of five thousand dollars (\$5,000) or more. The Business Conduct Committee is authorized to furnish to any clearing member,

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on written request, the names of all members or member firms, to whom a specified member is indebted as reported hereunder, and the names of members and member firms as reported pursuant to Rule 252.00(h).

The phrase "unsecured indebtedness" as used in the rules means the amount of indebtedness in excess of collateral security valued in accordance with the provisions of paragraph 3 and 4 of Regulation 431.02.

Failure of a member or member firm to report such indebtedness may be considered to be an act detrimental to the interest or welfare of the Association under the provisions of Rule 504.00 and may be relied on by the Board of Directors in deciding not to allow a claim for such indebtedness under Rules 252.00 and 253.00. (08/01/94)

287.00 Advertising - No member shall publish any advertisement of other than strictly legitimate business character. 604 (08/01/94)

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290.00 Market Categories - Each existing and prospective futures contract and options contract traded on the Exchange shall be listed in one of the following four market categories: Agricultural and Associated Market (AAM), Government Instruments Market (GIM), Index, Debt and Energy Market (IDEM), and Commodity Options Market (COM). The Board shall provide for the initial listing of such futures contracts and options contracts by adopting Regulations and may alter any such listing by amending these Regulations. No such listing shall affect any of the rights of full or associate members or other persons with trading access, except as may be specifically provided for herein. (08/01/94)

290.01 Agricultural and Associated Market (AAM) - The AAM consists of the following futures contracts: soybeans, soybean meal, soybean oil, oats, wheat, corn, anhydrous ammonia, diammonium phosphate, barge freight rate index, FOSFA International Edible Oils Index, sunflower seeds, catastrophe insurance and rough rice. (09/01/01)

290.02 Government Instruments Market (GIM) - The GIM consists of the following futures contracts: U.S. Treasury Bonds, U.S. Treasury Notes (6-10 years), U.S. Treasury Notes (5 years), U.S. Treasury Notes (2 years), Long Term and Medium Term Agency (Fannie Mae(R) Benchmark and Freddie Mac Reference) NotesSM, Mortgage, Inflation-Indexed U.S. Treasury Bonds, Long-Term Inflation-Indexed Treasury Notes, Medium-Term Inflation-Indexed Treasury Notes, German Government Bonds, Canadian Government Bonds (10 year), Cash Settled U.S. Treasury Notes (2 years), Zero Coupon Treasury Bonds, Zero Coupon Treasury Notes, U.S. Treasury Bills (90 days), Long-Term Japanese Government Bonds, Mortgage-Backed 10-Year Interest Rate Swap, 5-Year Interest Rate Swap, GNMA-CDR, Domestic CDs, and Treasury Repos (30-day and 90-day) (when designated). (07/01/02)

290.03 Index, Debt and Energy Market (IDEM) - The IDEM consists of the following futures contracts: 30-Day Fed Fund, Portfolios (when designated), Stock Indexes, CBOT Dow Jones - AIG Commodity Index(SM), CBOT X-Fund, Corporate Bond Index, Commercial Paper (30 days), Commercial Paper (90 days), Municipal Bonds (when designated), 10-Year Municipal Note Index, Municipal Bond Index, Eurodollars, Crude Oil (when designated), Leaded Gasoline (when designated), Unleaded Gasoline (when designated), Heating Oil (when designated), Silver, Gold, Gold Coins (when designated) Plywood, Structural Panel Index, CBOT U.S. Dollar Composite Index, CBOT Argentina, Brazil and Mexico Brady Bond Indexes, U.S. Treasury Yield Curve Spread, ComEdTM and TVA Hub Electricity. (11/01/02)

290.04 Commodity Options Market (COM) - The COM consists of the following options contracts: U.S. Treasury Bond Futures Options and all other options that are listed for trading by the Exchange. (08/01/94)

291.00 GIM Membership Interest - A GIM Membership Interest is a personal right, which shall entitle the holder thereof to trade as principal and broker for others in all contracts listed in the GIM pursuant to Regulation 290.02. In addition, the holder of a GIM Membership Interest may communicate from the Floor of the Exchange with persons not on the Floor of the Exchange in the same manner as may members, but only with respect to contracts traded in the GIM. An eligible business organization may own a GIM Membership Interest on behalf of an individual nominee who is a full-time employee of the eligible business organization, provided that the Membership Committee determines that such GIM Membership Interest is needed by the eligible business organization to carry on its business at the Association and that all rights and obligations of the GIM Membership Interest shall remain the exclusive responsibility of the individual nominee. An eligible business organization which owns a GIM Membership Interest may transfer it from one nominee to another individual employee of the eligible business organization who has been duly approved for membership subject to the provisions of Regulation 249.01(b).

- (A) A GIM Membership Interest shall not carry any voting rights on any matter which is the subject of a ballot vote of the general membership.
- (B) GIM Membership Interest holders, annually, may elect a Committee consisting of 11 GIM Membership Interest holders, including a Chairman thereof. The Chairman of this Committee shall be liaison to the Chairman of the Board.
- (C) In the event of full liquidation of the Association, the holder of a GIM Membership Interest shall

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share in the proceeds from dissolution in an amount equal to eleven percent (.11) of a full member's share. No holder of a GIM Membership Interest shall have the right to share in any other distribution made by the Association.

- (D) No GIM Membership Interest shall carry with it the attributes of membership in the Association under the Fifth Article of the Certificate of Incorporation of the Chicago Board Options Exchange.
- (E) Each holder of a GIM Membership Interest shall be responsible for paying all dues, fees and assessments that are applicable to full memberships for each GIM Membership Interest held.
- (F) Each GIM Membership Interest may be sold or delegated according to the Rules and Regulations applicable to the sale and delegation of full and associate memberships. No GIM Membership Interest may be registered on behalf of an eligible business organization.
- (G) Each person who seeks to purchase or be delegated a GIM Membership Interest shall make application according to the Rules and Regulations governing applications for full and associate membership. Each such applicant shall be considered eligible to assume the rights and obligations of a GIM Membership Interest according to the procedures and standards that apply to full and associate members, as set forth in the Rules and Regulations.
- (H) Each holder of a GIM Membership Interest shall be subject to all Rules and Regulations of the Association including all specific duties and obligations imposed on such holders by the Rules and Regulations, as well as those duties and obligations imposed upon members or other approved persons under the Rules and Regulations; provided however, the Board may exempt holders of GIM Membership Interests from any such duty or obligation which is incompatible with, or in conflict with or unrelated to the duties performed by them. All references to "members" and "membership" in the Rules and Regulations shall apply with equal force to holders of GIM Membership interest and GIM Membership Interests, respectively, unless superseded or specifically negated by this Rule or by Rule 290.00 or Rule 294.00 or the Regulations thereunder. (04/01/98)

292.00 IDEM Membership Interest - An IDEM Membership Interest is a personal right, which shall entitle the holder thereof to trade as principal and broker for others in all contracts listed in the IDEM pursuant to Regulation 290.03. In addition, the holder of an IDEM Membership Interest may communicate from the Floor of the Exchange with persons not on the Floor of the Exchange in the same manner as may full members, but only with respect to contracts traded in the IDEM. An eligible business organization may own an IDEM Membership Interest on behalf of an individual nominee who is a full-time employee of the eligible business organization, provided that the Membership Committee determines that such IDEM Membership Interest is needed by the eligible business organization to carry on its business at the Association and that all rights and obligations of the IDEM Membership Interest shall remain the exclusive responsibility of the individual nominee. An eligible business organization which owns an IDEM Membership Interest may transfer it from one nominee to another individual employee of the eligible business organization who has been duly approved for membership subject to the provisions of Regulation 249.01(b).

- (A) An IDEM Membership Interest shall not carry any voting rights on any matter which is the subject of a ballot vote of the general membership.
- (B) IDEM Membership Interest holders, annually, may elect a Committee consisting of 11 IDEM Membership Interest holders, including a Chairman thereof. The Chairman of this Committee shall be liaison to the Chairman of the Board.
- (C) In the event of full liquidation of the Association, the holder of an IDEM Membership Interest shall share in the proceeds from dissolution in an amount equal to one-half of one percent (.005) of a full member's share. No holder of an IDEM Membership Interest shall have the right to share in any other distribution made by the Association.
- (D) No IDEM Membership Interest shall carry with it the attributes of membership in the Association under the Fifth Article of the Certificate of Incorporation of the Chicago Board Options Exchange.
- (E) Each holder of an IDEM Membership Interest shall be responsible for paying all dues, fees and assessments that are applicable to full memberships for each IDEM Membership Interest held.

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- (F) Each IDEM Membership Interest may be sold or delegated according to the Rules and Regulations applicable to the sale and delegation of full and associate memberships. No IDEM Membership Interest may be registered on behalf of a eligible business organization.
- (G) Each person who seeks to purchase or be delegated an IDEM Membership Interest shall make application according to the Rules and Regulations governing applications for full and associate membership. Each such applicant shall be considered eligible to assume the rights and obligations of an IDEM Membership Interest according to the procedures and standards that apply to full and associate members, as set forth in the Rules and Regulations.
- (H) Each holder of a IDEM Membership Interest shall be subject to all Rules and Regulations of the Association including all specific duties and obligations imposed on such holders by the Rules and Regulations, as well as those duties and obligations imposed upon members or other approved persons under the Rules and Regulations; provided however, the Board may exempt holders of IDEM Membership Interests from any such duty or obligation which is incompatible with, or in conflict An eligible business organizationith or unrelated to the duties performed by them. All references to "members" and "membership" in the Rules and Regulations shall apply with equal force to holders of IDEM Membership Interest and IDEM Membership Interests, respectively, unless superseded or specifically negated by this Rule or by Rule 290.00 or Rule 294.00 or the Regulations thereunder. (04/01/98)

293.00 COM Membership Interests - A COM Membership Interest is a personal right, which shall entitle the holder thereof to trade as principal and broker for others in all contracts listed in the COM pursuant to Regulation 290.04. In addition, the holder of a COM Membership Interest may communicate from the Floor of the Exchange with persons not on the Floor of the Exchange in the same manner as may full members, but only with respect to options contracts traded in the COM. An eligible business organization may own a COM Membership Interest on behalf of an individual nominee who is a full-time employee of the eligible business organization, provided that the Membership Committee determines that such COM Membership Interest is needed by the eligible business organization to carry on its business at the Association and that all rights and obligations of the COM Membership Interest shall remain the exclusive responsibility of the individual nominee. An eligible business organization which owns a COM Membership Interest may transfer it from one nominee to another individual employee of the eligible business organization who has been duly approved for membership subject to the provisions of Regulation 249.01(b).

- (A) A COM Membership Interest shall not carry any voting rights on any matter which is the subject of a ballot vote of the general membership.
- (B) COM Membership Interest holders, annually, may elect a Committee consisting of 11 COM Membership Interest holders, including a Chairman thereof. The Chairman of this Committee shall be liaison to the Chairman of the Board.
- (C) Upon the inception of options trading on the Exchange, and in the event of full liquidation of the Association, the holder of a COM Membership Interest shall share in the proceeds from dissolution in an amount equal to one-half of one percent (.005) of a full member's share. No holder of a COM Membership Interest shall have the right to share in any other distribution made by the Association.
- (D) No COM Membership Interest shall carry with it the attributes of membership in the Association under the Fifth Article of the Certificate of Incorporation of the Chicago Board Options Exchange.
- (E) Each holder of a COM Membership Interest shall be responsible for paying all dues, fees and assessments that are applicable to full memberships for each COM Membership Interest held.
- (F) Each COM Membership Interest may be sold or delegated according to the Rules and Regulations applicable to the sale and delegation of full and associate memberships. No COM Membership Interest may be registered on behalf of an eligible business organization.
- (G) Each person who seeks to purchase or be delegated a COM Membership Interest shall make application according to the Rules and Regulations governing applications for full and associate membership. Each such applicant shall be considered eligible to assume the rights and obligations of a COM Membership Interest according to the procedures and standards that apply to full and associate members, as set forth in the Rules and Regulations.

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- (H) Each holder of a COM Membership Interest shall be subject to all Rules and Regulations of the Association including all specific duties imposed on such holders by the Rules and Regulations, as well as those duties and obligations imposed upon members or other approved persons under the Rules and Regulations; provided however, the Board may exempt holders of COM Membership Interests from any such duty or obligation which is incompatible with, or in conflict with or unrelated to the duties performed by them. All references to "members" and "membership" in the Rules and Regulations shall apply with equal force to holders of COM Membership Interest and COM Membership Interests, respectively, unless superseded or specifically negated by this Rule or by Rule 290.00 or Rule 294.00 or the Regulations thereunder.
- (I) Upon the effective date of any termination of commodity options trading by the Commodity Futures Trading Commission, all rights and privileges specified in this Rule shall automatically expire and become null and void. (04/01/98)

293.01 COM Membership Rights - Holders of COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Treasury Bond futures, Long-Term Municipal Bond Index futures, Short-Term Treasury Note futures, Medium-Term Treasury Note futures or in Long-Term Treasury Note futures from the Treasury Bond options trading pit provided that such orders are for hedge purposes only. (09/01/97)

293.02 AM and COM Membership Rights - Holders of Associate Memberships and COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Soybean futures from the Soybean Options trading pit provided that such orders are for hedge purposes only. (08/01/94)

293.03 AM and COM Membership Rights - Holders of Associate Memberships and COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Corn futures from the Corn Options trading pit provided that such orders are for hedge purposes only. (08/01/94)

293.05 COM Membership Rights - Holders of COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Long-Term Treasury Note futures, Long-Term Municipal Bond Index futures, Medium-Term Treasury Note futures, Short-Term Treasury Note futures or in U.S. Treasury Bond futures from the Long-Term Treasury Note Options trading pit provided that such orders are for hedge purposes only. (09/01/97)

293.06 COM Membership Rights - Holders of COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Long-Term Municipal Bond Index futures, Long-Term Treasury Note futures, Medium-Term Treasury Note futures, Short-Term Treasury Note futures or in U.S. Treasury Bond futures from the Long-Term Municipal Bond Index Options trading pit provided that such orders are for hedge purposes only. (09/01/97)

293.07 AM and COM Membership Rights - Holders of Associate Memberships and COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Wheat futures from the Wheat Options trading pit provided that such orders are for hedge purposes only. (08/01/94)

293.08 AM and COM Membership Rights - Holders of Associate Memberships and COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Soybean Meal futures from the Soybean Meal Options trading pit provided that such orders are for hedge purposes only. (08/01/94)

293.09 AM and COM Membership Rights - Holders of Associate Memberships and COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Soybean Oil futures from the Soybean Oil Options trading pit provided that such orders are for hedge purposes only. (08/01/94)

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293.10 COM Membership Rights - Holders of COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Short-Term Treasury Note futures, Medium-Term Treasury Note futures, Long-Term Treasury Note futures, Long-Term Municipal Bond Index futures or in U.S. Treasury Bond futures from the Short-Term Treasury Note Options trading pit provided that such orders are for hedge purposes only. (09/01/97)

293.12 IDEM Membership Rights - Holders of IDEM Membership Interests shall be permitted to transmit orders verbally, by hand signals or in writing to brokers in U.S. Treasury Bond futures, Long-Term Treasury Note futures, Short-Term Treasury Note futures, or Medium-Term Treasury Note futures from the Municipal Bond Index futures pit, provided that such orders are for hedge purposes only. (08/01/94)

293.14 AM and COM Membership Rights - Holders of Associate Memberships and COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Oat futures from the Oat Options trading pit provided that such orders are for hedge purposes only. (08/01/94)

293.15 COM Membership Rights - Holders of COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, or in writing to brokers in the underlying Medium-Term Treasury Note futures, Short-Term Treasury Note futures, Long-Term Municipal Bond Index futures, Long-Term Treasury Note futures or in U.S. Treasury Bond futures from the Medium-Term Treasury Note Options trading pit provided that such orders are for hedge purposes only. (09/01/97)

293.16 IDEM Membership Rights - Holders of IDEM Membership Interests shall be permitted to transmit orders verbally, by hand signals, in writing, or by any other means deemed acceptable by the Board to brokers in options on CBOT(R) Dow Jones Industrial AverageSM Index futures, from the CBOT(R) Dow Jones Industrial AverageSM Index futures trading pit, provided that such orders are for hedge purposes only. (11/01/97)

293.17 COM Membership Rights - Holders of COM Membership Interests shall be permitted to transmit orders verbally, by hand signals, in writing, or by any other means deemed acceptable by the Board to brokers in CBOT(R) Dow Jones Industrial AverageSM Index futures, from the CBOT(R) Dow Jones Industrial AverageSM Index options trading pit, provided that such orders are for hedge purposes only. (11/01/97)

294.00 Membership Interest Participations - On April 30, 1982 there shall be created one thousand four hundred and two (1,402) one-quarter participations each in GIM Membership Interests, IDEM Membership Interests, and COM Membership Interests. Each full member of the Association as of the close of business on April 30, 1982 shall be entitled to receive as of May 3, 1982 a one-quarter participation in a GIM Membership Interest, a one-quarter participation in an IDEM Membership Interest and a one-quarter participation in a COM Membership Interest for each full membership held by such full member. Further, on April 30, 1982 there shall be created a quantity of one-half participations each in IDEM Membership Interests and COM Membership Interests equal to the number of associate memberships that appear on the membership list of the Association as of the close of business on April 30, 1982. Each associate member of the Association as of the close of business on April 30, 1982 shall be entitled to receive as of May 3, 1982 a one-half participation in an IDEM Membership Interest and a one-half participation in a COM Membership Interest for each associate membership held by such associate member. (08/01/94)

294.01 Transfer of Membership Interest Participations - One-quarter participations in GIM Membership Interests, IDEM Membership Interests and COM Membership Interests, and one-half participations in IDEM Membership Interests and COM Membership Interests shall be transferable only to and among full, associate and conditional associate members of the Association; GIM, IDEM and COM Membership Interest holders; and member firms. Membership Interest fractional participations may be sold or purchased by authorized individuals or firms in accordance with the mechanics of the bid/ask market for Membership and Membership Interests as set forth in Regulation 249.01(a) or may be transferred intra-family between authorized individuals in accordance with the transfer procedures set forth in Regulation 249.01(d), including the deposit requirement. Membership Interest fractional participations may not be sold or transferred in any other manner. (08/01/94)

294.02 Registration of Membership Interests - Any authorized person or firm who acquires or

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accumulates four one-quarter participations in GIM Membership Interests may surrender to the Association such four one-quarter participations for one GIM Membership Interest, subject to meeting all qualifications required by the Rules and Regulations relating to membership. Any authorized person or firm who acquires or accumulates any combination of one-quarter and/or one-half participations in IDEM Membership Interests that equals one full participation may surrender to the Association such fractional participations for one IDEM Membership Interest, subject to meeting all qualifications required by the Rules and Regulations relating to membership. Any authorized person or firm who acquires or accumulates any combination of one-quarter and/or one-half participations in COM Membership Interests that equals one full participation may surrender to the Association such fractional participations for one COM Membership Interest, subject to meeting all qualifications required by the Rules and Regulations relating to membership. Any person or firm who surrenders participations in accordance with this Regulation shall pay a registration fee as may be established by the Board. (08/01/94)

294.03 Dues and Assessments on Membership Interest Participations - No authorized person who holds fractional participations in GIM, IDEM, or COM Membership Interests shall be responsible for the payment of any dues, fees or assessments in respect of such fractional participations. (08/01/94)

294.04 Accumulation of Membership and Membership Interest Participations by the Board - The Board of Directors, in its discretion, may accumulate, pool and require all outstanding fractional participations in Associate Memberships and IDEM and COM Membership Interests to be surrendered between April 30, 1989 and August 31, 1989. All such fractional participations in Associate Memberships and IDEM and COM Membership Interests so surrendered shall be accumulated into full Associate Memberships or IDEM or COM Membership Interests respectively and sold at prevailing market prices to any individuals who are authorized to purchase such Memberships or Membership Interests under the Rules and Regulations. The proceeds from the sale of such Associate Memberships and IDEM and COM Membership Interests shall be distributed pro-rata to those authorized persons surrendering such fractional participations in Associate Memberships and IDEM and COM Membership Interests in proportion to the number of such fractional participations in Associate Memberships and IDEM and COM Membership Interests respectively surrendered by the authorized person to the total number of such fractional participations in Associate Memberships and IDEM and COM Membership Interests respectively surrendered by all authorized persons. (08/01/94)

294.05 Time Limit for Accumulating AM Participations - To implement the provisions of Rule 294.00, any member or associate member who accumulates one-quarter AM participations and surrenders them for an associate membership by the close of business on May 28, 1982 shall be entitled to receive as of June 1, 1982, in respect of each such associate membership, a one-half participation in an IDEM Membership Interest and a one-half participation in a COM Membership Interest. A sufficient quantity of such IDEM and COM Membership Interest participations shall be created on May 28, 1982 to allow any such distribution. (08/01/94)

294.06 Claims Procedures Regarding Membership Interest Fractional Participations - Proceeds from the sale of a Membership Interest fractional participation, and the deposit required for Membership Interest fractional participations transferred pursuant to Regulations 249.01 (d) and 294.01, shall be deemed to be subject to the provisions of Rule 252.00. Claims may be filed against such proceeds in the same manner and subject to the same terms as set forth in Rule 253.00 and Regulation 249.01 (e) with respect to the filing of claims against the proceeds of the sale or transfer of a Membership or Membership Interest. The Secretary shall provide notice of sales or transfers of Membership Interest fractional participations in the same manner as he provides notice pursuant to Regulation 249.01(e) of sales or transfers of Memberships and Membership Interests. (08/01/94)

296.00 Transfer Restrictions on GIM Membership Interests/One-Half Associate Memberships--At the Effective Time, each GIM Membership and one-half Associate Membership shall be subject to the restrictions, conditions and limitations set forth below.

- (1) Non-Transferred GIM Memberships. Except as otherwise provided below, GIM Memberships that have not been sold or transferred prior to the Effective Time ("Non-Transferred GIM Memberships") may continue as a GIM Membership holder following the Effective Time with all the privileges and obligations such Membership entails. However, in the event that any Non-Transferred GIM Membership is sold or transferred after the Effective Time, such Non-Transferred GIM Membership shall be treated as a Transferred GIM Membership (as defined in clause (2) below). This limitation shall not apply when (x) the transferor is the estate of a deceased



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Non-Transferred GIM Membership holder and the transferee is the decedent's spouse and (y) the Non-Transferred GIM Membership has not already been transferred pursuant to this sentence.

- (2) Transferred GIM Memberships/One-Half Associate Memberships. One-half Associate Memberships and Non-Transferred GIM memberships that have been sold or transferred after the Effective Time in a manner other than as permitted in clause (1) above below (collectively, "Transferred GIM Memberships") shall not be permitted to exercise the trading rights and privileges associated with the GIM Memberships; provided that Transferred GIM Memberships shall retain the right to be converted into a one-half Associate Memberships, but shall have no further rights or privileges associated with the GIM Membership. Except as set forth below, Transferred GIM Memberships shall carry no privileges of a Membership, including but not limited to trading and voting privileges.

None of the foregoing shall preclude the holders of Transferred GIM Memberships or Non-Transferred GIM Memberships from exercising their right to convert their GIM Membership into an one-half Associate Membership and to redeem two one-half Associate Memberships in exchange for an Associate Membership.

296.01 Transfer of Associate Membership Participations - In accordance with the mechanics of the bid/ask market for Memberships and Membership Interests as set forth in Regulation 249.01(a), member firms and individuals may purchase or sell one-eighth or one-half participations in Associate Memberships created pursuant to Rule 296.00 or Regulation 296.03. Individuals may also transfer Associate Membership fractional participations in accordance with the transfer procedures set forth in Regulation 249.01(d), including the deposit requirement. Associate Membership fractional participations may not be sold or transferred in any other manner. Each individual who acquires a fractional participation in an Associate Membership but who is not a Full Member, Associate Member, GIM Membership Interest holder or GIM Membership Interest nominee in good standing shall apply for election to Associate Membership status under the same procedures and requirements as are specified in Regulation 249.01(a) (iii) for purchasers of Associate Memberships, and also shall be subject to the provisions of Regulation 249.01(a) (iv) and (v). However, any individual whose status as a GIM Membership Interest holder or nominee automatically ceases pursuant to Rule 296.00 on the effective date of such Rule shall have 60 days thereafter in which to acquire an Associate Membership and become an Associate Member without applying for election to Associate Membership status. Any individual required to apply for Associate Membership status under this regulation and who is elected to such status must acquire an Associate Membership within 60 days of notification of such election or within such extension of this period as may be granted by the Board of Directors. If he is unable to do so, he must, at his option, either re-apply for Associate Membership status or take all necessary steps to effect a sale of the Associate Membership fractional participations he has acquired within 30 days of the end of the period specified in the preceding sentence. (08/01/94)

296.02 Registration of New Associate Memberships - Any person or firm which acquires and accumulates any combination of fractional participations in Associate Memberships that equals one complete Associate Membership may surrender such fractional participations to the Department of Member Services for one Associate Membership, subject to meeting all qualifications required by the Rules and Regulations relating to membership. Any GIM Membership Interest holder or nominee in good standing who surrenders fractional participations under this Regulation shall not be required to apply for election to Associate Membership status. Once two or more fractional participations have been combined, they may not be separated. (08/01/94)

296.03 Additional Associate Membership Participations or GIM Membership Interests - The

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Board of Directors may at any time at its discretion create additional fractional participations in Associate Memberships but only if necessary to facilitate the combination of existing fractional participations into Associate Memberships. The Board of Directors may also create new GIM Membership Interests to sell to individuals who applied for approval as GIM Membership Interest holders prior to January 21, 1986, and/or to individuals whose bids to purchase GIM Membership Interests were on file with the Association as of January 21, 1986. Such new GIM Membership Interests shall be created and sold only if, in the judgement of the Board, GIM Membership Interests are not otherwise available to such individuals through bona fide purchases in the Exchange's bid/ask market. (08/01/94)

296.04 Waiver of Transfer and Registration Fees - No fees shall be charged for transfers of fractional participations in Associate Memberships effected through the Exchange's bid/ask market or for registrations of new Associate Memberships acquired by accumulation of fractional participations under Regulation 296.02. (08/01/94)

296.05 Dues and Assessments - Associate Members shall pay full dues, fees and assessments as provided for by the Association. However, each person or firm who acquires an Associate Membership by the accumulation and surrender of fractional participations pursuant to Regulation 296.02 shall be exempted from member dues assessed on such Associate Membership pursuant to Rule 240.00 for a period of twelve (12) consecutive calendar quarters beginning with the quarter following the quarter in which the fractional participations for such Associate Membership are surrendered. Only the original owner of each newly created Associate Membership shall be eligible for the dues waiver referenced herein. (08/01/94)

296.06 Claims Procedures Regarding Associate Membership Participations - The proceeds of Associate Membership fractional participation sales, and the deposit required for Associate Membership fractional participations transferred pursuant to Regulations 249.01(d) and 296.01, shall be deemed proceeds of membership for purposes of Rule 252.00. Claims may be filed against such proceeds in the same manner and subject to the same terms as set forth in Rule 253.00 and Regulation 249.01(e) with respect to the filing of claims against the proceeds of the sale or transfer of a membership or membership interest. The Secretary shall provide notice of sales or transfers of Associate Membership fractional participations in the same manner as he provides notice pursuant to Regulation 249.01(e) of sales or transfers of memberships and membership interests.

Interpretation - The Board of Directors adopted the following on April 17, 1990 as a formal rule interpretation which confirms established Exchange practice:

"A person shall achieve Full Membership status (i.e. - Full Membership voting rights and trading privileges) only through the purchase of a Full Membership.

The foregoing shall not affect the existing Exchange provisions for the delegation, member firm transfer, or intra-family transfer of Full Memberships." (08/01/94)

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300.00 Exchange Halls - The Board shall provide Exchange Halls which shall be open for trading during such hours as the Board of Directors shall designate. For the purpose of Exchange rules, Exchange Halls may be deemed to include an approved automated order entry facility. Complete jurisdiction over the Exchange Halls, all parts of the building and any automated systems of the Association is vested in the Board. 69 (08/01/94)

301.00 Admission to the Floor - No one but a member shall make any transaction or execute orders in securities or commodities traded in or upon the Floor of the Exchange. No one but a member shall be admitted to the Floor of the Exchange, except as provided by Regulations adopted by the Regulatory Compliance Committee. 259 (08/01/94)

301.01 Non-Members - No non-member shall be admitted to the Floor of the Exchange except as provided in this Chapter 3. Persons not wearing a valid badge shall not be admitted to the floor of the Exchange. 1370 (08/01/94)

301.02 Guest Badges - The Safety and Security Department may, upon application of a member, issue a badge to a guest of the Exchange or, upon its own initiative, issue a badge to a guest permitting access to the floor of the Exchange. 1371 (08/01/94)

301.03 Guests - All guests of a member shall be accompanied by a member while on the Exchange Floor and shall obey all Rules and Regulations respecting floor conduct established herein for members. Members shall be responsible for all violations of the Chicago Board of Trade Rules and Regulations committed by their guests and for resulting fines. 1372 (08/01/94)

301.04 Press - Annual courtesy cards to the Press, permitting admission to the Exchange Hall, may be issued and recalled by the written authorization of the Communications Department. 1373 (08/01/94)

301.05 Floor Clerks - With the prior approval of the Floor Conduct Committee, or designated Exchange staff pursuant to delegated authority, a non-member employee of a member or member firm registered under Rule 230.00 may be admitted to the Exchange Floor upon the payment by the employer of such periodic fees as may be established by the Finance Committee. No floor clerk shall be permitted to enter the Exchange Floor without a badge. Floor clerks may perform only such services and other clerical, telephone and informational duties as may be specifically permitted by the Regulatory Compliance Committee. (See Appendix 3B.)

Floor clerks are strictly prohibited from soliciting orders. Floor clerks may not be registered as an Associated Person except as provided in Regulation 301.07. They may communicate orders to the pit from their position or communications instrument by use of hand signals or verbal notification. When communicating orders in either fashion, a record must immediately be made and time-stamped in accordance with Regulation 465.01.

Floor clerks are not permitted to run on the Exchange Floor or in the corridors of the building and shall at all times maintain decorum. The Floor Conduct Committee may recall floor clerk badges for cause and may exclude from the Floor any non-member employee of any member.

The responsibility of conduct and appearance of employees on the Exchange Floor shall be that of the member employer.

Notwithstanding Rule 420.00, nonmembers holding a Floor Clerk badge or a Broker Assistant badge shall not have any interest whatsoever in a commodity futures or commodity options account which contains positions in contracts traded on the Exchange or the MidAmerica Commodity Exchange. No member or member firm may jointly hold such an account with a nonmember Floor Clerk or Broker Assistant, and no member firm may accept or carry any such account in which a nonmember Floor

Clerk or Broker Assistant holds any interest. Provided, however, that the following shall apply to any person who has Associate Membership, Membership Interest, or permit holder status on the Exchange or Membership status on the MidAmerica Commodity Exchange and who also holds a Floor Clerk or Broker Assistant badge:

Such person shall not trade for, or carry in his account or an account in which he has any interest, any positions in contracts traded on the Exchange or the MidAmerica Commodity Exchange except for those contracts which he is entitled to trade as principal or broker for others by virtue of his Membership, Membership Interest or permit holder status as referenced above. However, a Member, Membership Interest Holder or permit holder who holds a Broker Assistant badge, and who stands in an area designated for broker assistants outside of a financial futures or financial options pit, may carry in his account or an account in which he has an interest, any positions in contracts traded on the Exchange or the MidAmerica Commodity Exchange, provided that the orders for such positions are placed through the normal customer order flow process.

These provisions shall not be interpreted to prohibit an individual from being employed as a Floor Clerk or a Broker Assistant simply because another family member is a member of the Exchange who trades for his or her own personal account, whether such individual is employed by the family member or by another member. However, Floor Clerks and Brokers Assistants are strictly prohibited from initiating trades or advising on the initiation of trades for a family member's account or any other account.

Violations of this Regulation shall be cause for suspension or revocation of a person's floor access privileges and for suspension or expulsion of his employer, or such other action as the Floor Conduct Committee may deem appropriate, in accordance with the applicable procedures set forth in Chapter 5. In the event a floor clerk is registered as an Associated Person in violation of this Regulation, after notice and for good cause shown, the Floor Conduct Committee may cause such floor clerk's floor access keycard to be immediately deactivated and take whatever other disciplinary action it deems necessary consistent with this Regulation. Upon termination of the Associated Person status, a floor clerk's keycard may be reactivated.

A non-clearing member holding a Floor Clerk or Broker Assistant badge shall be required to notify his Primary Clearing Member, as defined in Rule 333.00, of the name, address and immediate supervisor of the member or member firm by whom he is employed as a Floor Clerk or Broker Assistant. Upon a Primary Clearing Member's revocation of clearing authorization in accordance with Rule 333.00(c), the Primary Clearing Member immediately shall give written notice to the member or member firm who employs a non-clearing member as a Floor Clerk or Broker Assistant that the non-clearing member's clearing authorization has been revoked. A non-clearing member holding a Floor Clerk or Broker Assistant badge shall be denied floor access privileges upon the revocation of clearing authorization by his Primary Clearing Member. The floor access privileges of a non-clearing member who holds a Floor Clerk or Broker Assistant badge may be reinstated upon the filing of a release with the Member Services Department by the non-clearing member's Primary Clearing Member in accordance with Rule 333.00(d). (04/01/97)

301.06 Floor Access by Annual Election Candidates and Non-Member (Public) Directors -

The following are permitted physical access to the Floor of the Exchange:

- a) Candidates in the current year's Annual Election who:
  - Have been nominated either by the Nominating Committee or by petition pursuant to Rule 102.00; and
  - Do not already have Exchange Floor access by virtue of a membership privilege.
- b) Non-member (public) Directors on the Association's Board.

Individuals who are admitted to the Exchange Floor pursuant to this regulation shall not be authorized thereby to execute trades or to perform any other functions which are reserved to members or clerks on the Exchange Floor. (06/01/00)

301.07 Floor Clerk-Special Badges - The Floor Conduct Committee, or designated Exchange staff pursuant to delegated authority, may issue special badges authorizing non-member employees of

members or member firms to perform the duties of a "Floor Clerk" as defined in Regulation 301.05. Such authorization shall be for a specific period not to exceed two weeks. The Member Firm Staff Services Department shall maintain proper records of these authorizations.

When such non-member employees are Associated Persons, such authorization may be granted for a specific period not to exceed three business days but only if the employer demonstrates to the satisfaction of the Floor Conduct Committee, or designated staff pursuant to delegated authority, that it temporarily lacks enough available Floor Clerks to meet its business needs. No particular employee can be so authorized for more than three days in any calendar month. Applicants for membership may be issued special badges by the Exchange Services Department for a period of ten business days. (08/01/94)

301.08 Trainee Non-Members - The Floor Conduct Committee, or designated Exchange staff pursuant to delegated authority, shall, upon written request signed by a member and directed to the Secretary, issue badges to trainee non-member employees of members or member firms, authorizing admission of such trainees to the Exchange Hall. Such authorization shall be limited to a thirty-day period as to any trainee and no member or member firm shall be allowed to have more than one trainee on the Exchange Floor at any one time. Trainees may perform the duties of a "Floor Clerk" as defined in Regulation 301.05. The member or member firm which is the employer of the trainee shall be responsible for his conduct while he is on the Floor. The Member Firm Staff Services Department shall maintain proper records of these authorizations. No member or member firm shall use the provisions of this Regulation to avoid the purchase of a membership. 1377 (08/01/94)

301.10 Twenty-Five Year Member - When a member who has been a member for twenty-five years or more transfers his Membership privilege or delegates the rights and privileges of his Membership under Rule 221.00, said member shall be issued an Honorary Membership Badge by the Secretary's Office which will entitle the former member to access to the Trading Floor (with the exception of the Trading Pits), and to remain on the Association's mailing lists. 1379 (11/01/94)

301.11 AP - With the prior approval of the Floor Conduct Committee, or designated Exchange staff pursuant to delegated authority, an Associated Person and an applicant for membership may be admitted to the Floor of the Exchange for the limited purpose of observing various Floor activities of the members and other privileged non-members who have been allowed access to the Floor. Such admittance shall be limited to a period of two weeks (ten business days). 1380 (08/01/94)

301.12 Membership Floor Access Badges - Any member, membership interest holder or delegate whose floor access trading privileges have been revoked, suspended or lawfully discontinued for any reason must return the floor access membership badge and access card to the Member Services and Member Firm Staff Services Department within 30 days from the termination of floor access privileges. Any failure to comply with this Regulation will be referred to the Floor Conduct Committee.

Willful possession of a membership floor access badge or access cards by anyone not then entitled to the privileges of that membership shall be an act detrimental to the Association. (09/01/00)

305.00 Exchange Floor Fines - (See 519.00) and (See 520.00A) (08/01/94)

310.00 Time and Place for Trading - Dealings upon the Exchange shall be limited to the hours during which the Exchange is open for the transaction of business, and no member shall make any transaction in securities with another member except at the post designated for the particular security in which the transaction is made and no member shall make any transaction for future delivery of a commodity except in the pit assigned to trading in such commodity, except as provided in Regulations 444.01, 444.03, and Chapter 9B. No member shall make, in the rooms of the Association, a transaction with a non-member, in any commodity or in any security admitted to dealing on the Exchange; but this Regulation shall not apply to transactions with an employee of the Association or of the Clearing House engaged in carrying out arrangements approved by the Regulatory Compliance Committee to facilitate the borrowing and lending of money. 258 (11/01/94)

310.01 Access to Trading Pit - Trading in any commodity or option thereon shall be limited to an area specified by the Exchange Services Department. Non-members shall not be authorized to enter the trading areas except as otherwise provided in the Rules and Regulations. (08/01/94)

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311.00 Hours for Trading - (See 1007.00) (08/01/94)

311.00A Hours for Trading - Your Rules and Floor Committees have given careful consideration to reports of trading outside of the hours prescribed and recommend enforcement of Rule 1007.00. We feel that disciplinary action is warranted on any infractions.

Strict observance of the above requires that after the closing bell no orders should be transmitted to the Floor, nor should any orders be accepted by brokers for filling, nor should any public wire orders be sent to the pit, -all such being reported back to senders 'received too late, market closed.'

All members should caution clients who want orders filled on or near the close to enter such orders to be filled 'about the close,' so that the broker may handle them properly. On the last trading day of a current month it is essential that all orders to close contracts reach the traders in sufficient time to permit filling without congestion.

Members who trade the options underlying the Soybean Meal, Soybean Oil, Oat and Silver Futures markets may enter futures orders during the respective futures markets' "closing call rotations" providing that the futures orders are entered for the purpose of hedging an option position. 13R (04/01/99)

312.01 Holidays - The following days are declared to be holidays, to wit: New Year's Day (January 1), Martin Luther King, Jr. Day (3rd Monday in January), Washington's Birthday (3rd Monday in February), Good Friday, Memorial Day (last Monday in May), Independence Day (July 4), Labor Day (1st Monday in September), Thanksgiving Day (4th Thursday in November) and Christmas Day (December 25).

When any such holidays fall on Sunday, the Monday next following shall be considered such holiday. When any such holidays fall on Saturday, the Friday immediately preceding shall be considered such holiday. 1937 (12/01/99)

313.00 Sundays or Holidays - When a contract in commodities matures on Sunday, or on a holiday, performance thereof shall be made on the preceding business day. 256 (08/01/94)



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320.02 Wire and Other Connections - The privilege of telephonic or other wire connection between the office of a member and the Exchange shall not be enjoyed as a right of the member, but shall rest in the discretion of the Exchange.

The Exchange, in its discretion may grant or withhold such privilege from a member, and, in its discretion, without being obliged to assign any reason or cause for its action, may disconnect or cause to be disconnected any apparatus or means for such communication or may deprive any member of the privilege of using any public telephone or means of communication installed by the Exchange for the use of members. This Regulation shall not apply to wire or other connections relating to the Exchange's e-cbot system. 1031 (09/01/00)

320.03 Decisions of Exchange - Every decision of the Exchange, whereby a member is deprived of any such privilege, shall be immediately posted upon the bulletin board in the Exchange, and every member shall be deemed to have notice thereof.

No member shall, after such notice shall have been posted directly or indirectly furnish to the member named therein any facilities for communication between the office of the member so named and the Floor of the Exchange or between the office of the member so named and the office of any other member. 1032 (10/01/94)

320.04 Consent Required for Wires - No member shall establish or maintain wire connection of any description whatsoever or permit wireless communication between his office and the office of any nonmember corporation, firm, or individual transacting a banking or brokerage business, without having first obtained the approval of the Exchange therefor.

The applications for such connections or means of communication shall be in a form prescribed by the Exchange.

The use of public telephone or telegraph service in such manner as to amount to private connection shall be deemed to be within this Regulation. 1033 (08/01/94)

320.05 Registration with Exchange - Every such means of communication shall be registered with the Exchange, together with the telegraphic, telephonic, or wireless calls used in connection therewith; the Exchange may make such requirements governing said matters as it shall deem necessary or desirable. 1034 (08/01/94)

320.06 Notice of Discontinuance of Communications - Notice of the discontinuance of any such means of communication shall be promptly given to the Exchange; and the Exchange shall have power, at any time in its discretion, to order any such means of communication discontinued.

No such communication shall be other than by means of a wire or wireless system approved by the Exchange. 1035 (08/01/94)

320.07A Telephones - Exchange policy permits direct telephone communications to the Trading Floor from the members or member firms to the table or booth of a clearing member on the Trading Floor. 34R (08/01/94)

320.08 Conduct of Private Offices - The Exchange is empowered to examine into the conduct of all private offices or places of business receiving the continuous market quotations of the Association, and, in such places where the Exchange shall deem the continuance of such service detrimental to the best interests of this Association, the Exchange shall forthwith order a discontinuance of the quotations and shall report the facts immediately to the Finance Committee, which shall take whatever further action is necessary to uphold the good name and dignity of this Association. 1040 (08/01/94)

320.09 Telephone Wires and Television - No member of this Association shall, by messenger, signal, telephone, telegraph, or any other means whatsoever, convey or transmit continuously the market quotations from the Floor of the Exchange to any person, firm, or corporation located off the Floor of the Exchange, except with the permission and pursuant to the requirements of the Exchange. This does not prohibit ordinary conversation where dissemination of quotations is not contemplated.

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Such permission for telephone wires, if granted, shall be subject to charges as prescribed by Regulation 320.13. Such permission for closed-circuit television, if granted, shall be subject to charges as may be prescribed by the Finance Committee. 1041 (08/01/94)

320.12 Radio Broadcasting -

- (a) No member, firm, corporation or employee thereof shall transmit, by any kind of radio service, any market quotations, either securities, futures, cash grain on spot or to arrive, or any market information or gossip without the approval of the Exchange.
- (b) No quotations except those prevailing at the opening of the market; and at each thirty minutes thereafter; and at the close of the market, may be used for broadcasting.
- (c) Radio broadcasting stations must name the periods at which the quotations prevailed and designate them as furnished by the Board of Trade of the City of Chicago.
- (d) No member, firm, corporation, or employee thereof shall in any manner claim or be given credit for furnishing information for radio service, except as provided in section (c) of this Regulation.
- (e) Upon application, the Exchange may grant permission to individuals, firms, corporations, or employees thereof, to furnish the quotations of this Association to radio stations. The name of the individual, firm, corporation, or employees thereof, may be mentioned at the beginning and at the end of each period at which quotations are broadcast. In case there is more than one request to furnish this service at any location, the Exchange may divide the time equally upon a yearly basis. 1044 (08/01/94)

320.13 Commodity and Commodity Option Quotations - The transmission by private wire or other means of market quotations of any commodity or commodity option made on the Exchange shall be subject to the approval and control of the Exchange. Such quotations shall include all bids, asks, and market prices of any commodity or commodity option traded on the Exchange each business day between the opening of trading in such commodity or option and until thirty minutes after the close of such trading. Such quotations constitute valuable property of the Board of Trade which are not within the public domain. The transmission and receipt of such quotations shall be subject to such conditions, including the payment of applicable fees, as the Exchange shall impose. Failure to comply with such conditions shall subject any member receiving or distributing such quotations to disciplinary action including suspension from the Association. (08/01/94)

320.14 Transactions Made at other than Current Market - Transactions made at a price above that at which the same futures contract or options series is offered, or below that at which such futures or options contract is bid, are not made at the current market price for such futures or options contracts and shall be disallowed by the action of any two members of the relevant Pit Committee. If so disallowed, such transactions shall not be reported or recorded by the Exchange or, if already reported, shall be cancelled. A determination on whether a price(s) should be disallowed must be made within 10 minutes after the Pit Committee has been notified that the price has been called into question, otherwise the quote(s) in question must stand. A determination pursuant to this Regulation to disallow a transaction shall be final. (05/01/97)

320.15 Market Quotations - The reporter in each pit shall be the judge of what constitutes a proper range of quotations to be sent out, subject to the supervision of the Pit Committee in the respective pits.

Quotations sent out must be based on transactions made in the open market. The term "open market" means a bid or an offer openly and audibly made by a public outcry and in such a manner as to be open to all members in the pit at the time.

It is not permissible for members to reform a trade by changing the price at which orders have been filled, nor to report as filled orders that have not been filled. Any quotations based on a transaction made in the open market, already distributed or sent out over the wire, shall not be cancelled except as provided by Regulations 320.17, 320.18 and 320.14. (08/01/94)

320.16 Fast Quotations - Whenever price fluctuations in the pit(s) are rapid and the volume of business is large, the pit reporter, upon authorization of the Pit Committee Chairman or his designated representative from the Pit Committee, shall cause the "FAST" symbol to be used in conjunction with

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all Exchange quotation displays and records. (The "FAST" symbol shall be abbreviated "F" when used on Exchange quotation and display devices.) The Pit Committee shall determine at what time "FAST" market conditions began and terminated. When a market is designated "FAST", the Pit Reporter shall endeavor to activate a "FAST" market indicator clearly visible to the entire trading floor.

All prices in the range between those quoted immediately prior to and immediately following the "FAST" market designation are considered officially quoted whether or not such prices actually appear as trades on Exchange quotation displays and records. There shall be no discontinuances.

The consequence of "FAST" market conditions is that a penetrated limit order may not be able to be executed at the specified limit price.

In the event that a dispute arises concerning the execution of an order, the fact that a market was designated "FAST" shall constitute evidence that market conditions were rapid and volatile. A "FAST" designation does not nullify or reduce the obligations of the floor broker to execute orders with due diligence according to the terms of the order. Trading activities which violate the Rules and Regulations of the Exchange remain violations under "FAST" market conditions. (08/01/94)

320.17 Authority of Pit Committees over Quotation Changes and Insertions -

- (a) The Pit Committee Chairmen, Vice Chairmen or their Pit Committee designees may change an opening range only within 30 minutes after the opening of the commodity.
- (b) The Pit Committee Chairmen, Vice Chairmen or their Pit Committee designees may change a closing range only within 15 minutes after the closing of the commodity.
- (c) The Pit Committee Chairmen, Vice Chairmen or their Pit Committee designees may authorize the insertion of a quotation which affects a high or low at any time prior to 15 minutes after the closing of the commodity.
- (d) The Pit Committee Chairmen, Vice Chairmen or their Pit Committee designees may authorize any quotation change or insertion which does not affect an open, high, low or close at any time prior to the opening of the commodity on the next business day.

No Pit Committee member may authorize any quotation change, insertion or cancellation, if such individual has a personal or financial interest in such change, insertion or cancellation.

All quotation changes, insertions, or cancellations must be authorized by at least two Pit Committee members. However, if there is only one Pit Committee member who does not have a personal or financial interest in a change, insertion or cancellation, that one Pit Committee member may authorize such change, insertion or cancellation.

When a Pit Committee member is requested to authorize a quotation change, insertion or cancellation, the relevant pit shall be notified of such request. 1037 (09/01/96)

320.17B Authority of Pit Committees over Quotation Changes and Insertions - Futures Options (Puts and Calls) - In respect to Quotation Changes and Insertions under Regulation 320.17, the Pit Committee may change a closing range only within 30 minutes after the close of each Futures Options contract (Puts and Calls) and may authorize the insertion of a quotation which affects a high and low at any time prior to 30 minutes after the close of each Futures Options contract (Puts and Calls). (08/01/94)

320.18 Authority of the Market Report Department and the Regulatory Compliance Committee over Quotation Changes and Insertions -

- (a) The Market Report Department may review and authorize any request for a quotation change or insertion which was not reviewed by the Pit Committee or which is not encompassed by Regulation 320.17.

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1038 (09/01/02)

320.19 Opening and Closing Orders - For open outcry Regular Trading Hours, orders entered prior to or on the opening (or resumption) of the market, as applicable and orders effected by such opening (or resumption) orders, as applicable shall not be required to be executed at a specified price due to the unique and rapid market conditions existing during an opening or a resumption. Similarly, orders entered for execution on the close of the market and orders effected by such closing orders shall not be required to be executed at a specific price due to the unique and rapid market conditions existing during a close.

If stop orders are elected within the opening or resumption range, floor brokers who are unable to execute those orders within the opening or resumption range, as applicable, while diligently acting in conformity with the rules and regulations of the Association, shall not be held liable. Stop orders elected during the opening (or resumption) range automatically become market orders and should be executed at the prevailing market, which may or may not be within the opening (or resumption) range. If stop orders are elected within the closing range, floor brokers who are unable to execute such orders, while diligently acting in conformity with the rules and regulations of the Association, shall not be held liable. (09/01/98)

321.00 Price Limits - The Regulatory Compliance Committee at any time, upon ten hours' notice by Regulation, may provide that there shall be no trading during any day in any grain, provisions, or cottonseed oil for delivery in any specified month at prices more than a fixed limit above or below the average closing price of the preceding business day. 83 (C.R. 1008.01) (08/01/94)

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325.02 Foreign Crop Reports - When a member, employing a crop reporter, receives from the reporter a statement concerning foreign crop conditions to which publicity is given, the member shall file immediately a verbatim copy of the report in the office of the Secretary. 1802

(08/01/94)

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330.00 Floor Brokers - A member, who executes orders for another member and who is not a member of the Clearing House, must immediately give up the name of a clearing member. A floor broker trading for a member shall be liable as principal for the performance of the contract except that in the case of commodities his liability shall terminate when the transaction is accepted by the principal. 200 (08/01/94)

330.00A Brokers and Clearing Members - Trades between members of the Clearing House must be confirmed within one hour by depositing at the office of the Clearing House a check slip or memorandum giving the name of the buyer and seller, the commodity sold, the amount thereof, the delivery month, and the purchase price. 4R (08/01/94)

330.01 Floor Broker and Floor Trader Registration - No member may execute any trade on the floor of the Exchange for any other person unless the member is registered or has been granted a temporary license as a floor broker, nor may a member execute any trades on the floor of the Exchange for his or her own account unless the member is registered or has been granted a temporary license as a floor trader, or has been granted a temporary license as a floor broker to act as a floor trader, in accordance with Section 4f of the Commodity Exchange Act and Commodity Futures Trading Commission Regulations 3.11 and 3.40, and such temporary license or registration has not been terminated, revoked or withdrawn.

A floor broker or floor trader shall be prohibited from engaging in any activities requiring registration, or from representing himself to be registered or the representative or agent of any registrant, during the period of any suspension of registration or membership privileges or the denial of floor access. Willful failure to comply with this Regulation may be deemed an act detrimental to the interest of the Association. (08/01/94)

330.02 Maintenance of Floor Broker and Floor Trader Registration - Each member registered as a floor broker or floor trader must promptly submit to the Exchange any changes in the information contained in such member's registration application (Form 8-R) or any supplement thereto. All floor brokers and floor traders must review their registration information every three years in accordance with Commodity Futures Trading Commission ("CFTC") Regulation 3.11(d). Additionally, the Exchange shall periodically require such members to confirm that their floor broker registration applications contain complete and accurate information.

Requests for withdrawal of floor broker or floor trader registration must be made on Form 8-W and filed with the National Futures Association and the Association in accordance with CFTC Regulation 3.33.

All registered floor brokers and floor traders must comply with Appendix B to Part 3 of the CFTC's Regulations - Statement of Acceptable Practices with respect to Ethics Training. In this regard, all registered floor brokers and floor traders shall become familiar with, and keep abreast of changes to, the Rules and Regulations of the Exchange, rule interpretations issued by the Exchange, and relevant provisions of the Commodity Exchange Act and CFTC Regulations. (12/01/01)

330.03 Broker Associations - Two or more Exchange members with floor trading privileges, of whom at least one is acting as a floor broker, shall be required to register with the Exchange as a Broker Association, within ten days after establishment of the Broker Association, if they: (1) engage in floor brokerage activity on behalf of the same employer, (2) have an employer and employee relationship which relates to floor brokerage activity, (3) share profits and losses associated with their brokerage or trading activity, or (4) regularly share a deck of orders.

The Broker Association shall file its registration statement in a form provided by the Exchange. Such registration statement shall specifically disclose whether the members of the broker association share commissions, profits, losses or expenses associated with their brokerage or trading activity with each other or with any other individual or entity. In addition, such registration statement shall disclose whether or not the members of the broker association have any other business relationships with one another, whether related or unrelated to Exchange business. Members of the broker association shall be required to provide information regarding such other business relationships, including books and records relating to such businesses, upon the request of OIA. Any registration information provided to the Exchange which becomes deficient or inaccurate must be updated or corrected promptly.

A member of a Broker Association shall be prohibited from receiving or executing an order unless the Broker Association is registered with the Exchange.

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Members of a broker association may not share profits or losses associated with their personal trading activity by direct or indirect means.

No registered broker association or member thereof shall permit a non-member or non-member firm to have any direct or indirect profit or ownership interest in a registered broker association. Moreover, no registered broker association or member thereof shall permit a member who is not involved in the pre-execution or execution of customer orders to have any direct or indirect profit or ownership interest in a registered broker association.

The Board may establish limits on the percentage of trading between a member of a broker association and (1) other members of broker associations with which he is affiliated; or (2) members of other broker associations which are positioned contiguously to his broker association in the trading pit.

Any such limits established by the Board shall take account of liquidity and such other conditions, from contract to contract, and shall only apply to the most active month or months of any contract. Compliance shall be measured separately for each full calendar month.

The Regulatory Compliance Committee may grant exceptions to the percentage limits on intra-association or contiguous association trading in circumstances where a broker association can demonstrate that compliance with the limits may reduce liquidity or impede the creation of new business in the affected market. (04/01/98)

330.04 Registration of Members Trading in U.S. Treasury Bond Futures - Each Exchange member with floor trading privileges who customarily stands on the top step of the U.S. Treasury Bond futures pit shall be required to register with the Exchange, identifying his affiliation, location and occupation or duties. Such individuals shall file their registration statements in a form provided by the Exchange. Any registration information provided to the Exchange which becomes deficient or inaccurate must be updated or corrected promptly. (09/01/94)

331.01 Price of Execution Binding - The price at which an order for commodities is executed on the Exchange shall be binding notwithstanding the fact that an erroneous report in respect thereto may have been rendered. A member shall not guarantee the price of execution to any customer, but a floor broker's or clearing firm's error in handling a customer order may be resolved by a monetary adjustment in accordance with Regulation 350.04. 1841 (09/01/94)

331.01a Acceptable Orders - Market orders to buy or sell, closing orders to buy or sell, spread orders, straight limit orders to buy or sell, and straight stop orders to buy or sell shall be permitted during the last day of trading in an expiring future. Time orders, contingency orders of all kinds, market on close intermonth spread orders involving an expiring future and cancellations that reach the Trading Floor after 11:45 a.m. on the last day of trading in an expiring future may involve extraordinary problems and hence will be accepted solely at the risk of the customer. This Regulation shall only apply to open outcry Regular Trading hours. 32R (09/01/98)

331.02 Acceptable Orders - The following orders are acceptable for execution in this market.

- (1). Market order to buy or sell - A market order is an order to buy or sell a stated amount of commodity futures contracts at the best price obtainable.
- (2). Closing orders to buy or sell - A closing order to buy or sell is a market order which is to be executed at or as near the close as practicable or on the closing call in a call market.
- (3). Limit order to buy or sell - A limit order is an order to buy or sell a stated amount of commodity futures contracts at a specified price, or at a better price, if obtainable.
- (4). Stop order to buy or sell - A stop order to buy becomes a market order when the stop price is bid or a transaction in the commodity futures contracts occurs at or above the stop price. A stop order to sell becomes a market order when the stop price is offered or a transaction in the commodity futures contract occurs at or below the stop price.
- (5). Stop limit order to buy or sell (where the price of the limit is the same as the stop price only) - A stop limit order to sell becomes a limit order executable at the limit price or at a better price, if obtainable when a transaction in the commodity futures contract is offered or occurs at or below the stop price. A stop limit order to buy becomes a limit order executable at the limit price or at a

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better price, if obtainable when a transaction in the commodity futures contract is bid or occurs at or above the stop price.

- (6). DRT ("Disregard Tape" or "Not Held") Order - An order giving the floor broker complete discretion over price and time in execution of a trade, including discretion to execute all, some or none of the order. It is understood the floor broker accepts such an order solely at the risk of the customer on a "not held" basis.
- (7). All-Or-None order to buy or sell - An order to be executed only for its entire quantity at a single price and with a size at or above a predetermined threshold. Such orders must be executed in accordance with Regulation 331.03.

Orders other than those listed above will be accepted solely at the broker's discretion on a not held basis. This Regulation shall only apply to Regular and Night trading hours. (07/01/00)

331.03 All-Or-None Transactions - Board of Directors shall determine the minimum thresholds for and the commodities in which All-Or-None transactions shall be permitted. The following provisions shall apply to All-Or-None trading:

- (a) A member may request an All-Or-None bid and/or offer for a specified quantity at or in excess of the applicable minimum threshold designated. The request shall be made during the hours of regular trading in the appropriate trading area.
- (b) A member may respond by quoting an All-Or-None bid or offer price. A bid or offer in response to an All-Or-None request shall be made only when it is the best bid or offer in response to such request, but such price need not be in line with the bids and offers currently being quoted in the regular market.
- (c) A member shall not execute any orders by means of an All-Or-None transaction unless the order includes specific instructions to execute an All-Or-None transaction or the All-Or-None bid offer is the best price available to satisfy the terms of the order.
- (d) An All-or-None bid or offer may be accepted by one or more members provided that the entire quantity of the All-or-None order is executed at a single price and that each counterparty to the order accepts a quantity at or in excess of the designated minimum counterparty threshold. Each order executed opposite an All-or-None order must be for a quantity that meets or exceeds the minimum counterparty threshold. Separate orders may not be bunched to meet the minimum counterparty threshold.
- (e) The price at which an All-Or-None transaction is bid, offered or executed will not elect conditional orders (e.g., limit orders, stop orders, etc.) in the regular market or otherwise affect such orders.
- (f) All-or-None transactions must be reported to the reporter in each pit who shall designate the price quotes for All-Or-None transactions as All-or-None price quotes.
- (g) Under no circumstances shall All-or-None orders to buy and sell both be executed in their entirety opposite each other.
- (h) All-or-None transactions are permitted in the following contracts subject to the listed minimum quantity threshold.

Contract	All-or-None Minimum	Counterparty Minimum
10-Year Interest Rate Swap futures	1,000	100
10-Year Interest Rate Swap futures options	1,000	100
5-Year Interest Rate Swap futures	1,000	100
5-Year Interest Rate Swap futures options	1,000	100
10-Year Agency Note futures	200	50
10-Year Agency Note/10-Year T-Note spread	100	50



5-Year Agency Note futures	200	50
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5-Year Agency Note/5-Year T-Note spread	100	50
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2-Year Treasury Note futures	200	50
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10-Year Municipal Note Index futures	200	50
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All-or-None intra-commodity spread transactions may be executed in permitted contracts provided that each leg of the spread meets the All-or-None threshold for that contract. (01/01/03)

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331.04 Execution of Simultaneous Buy and Sell Orders for Different Account Owners - A member who has received both buying and selling orders from different account owners for the same commodity and the same delivery month or, for options, the same option, may execute such orders for and directly between such account owners provided that the member shall first bid and offer openly and competitively by open outcry at the same price, stating the number of contracts. If neither the bid nor the offer is accepted within a reasonable time, the orders may then be matched by the member in the presence of a member of the Pit Committee. If either the bid or the offer is accepted in part, the remainder of the orders may be matched pursuant to the requirements of this Regulation. The member making the trade shall clearly identify it on the order or other document used to record the trade, shall note thereon the time of execution to the nearest minute, and shall present such record to such member of the Pit Committee for verification and initialing. (10/01/02)

332.00 Orders Must Be Executed in The Public Market - All orders received by any member of this Association, firm or corporation, doing business on Change, to buy or sell for future delivery any of the commodities dealt in upon the Floor of the Exchange (except when in exchange for cash property) must be executed competitively by open outcry in the open market in the Exchange Hall during the hours of regular trading and, except as specifically provided in Regulations 331.03, 331.04 and 350.10 under no circumstances shall any member, firm or corporation assume to have executed any of such orders or any portion thereof by acting as agent for both buyer and seller either directly or indirectly, in their own name or that of an employee, broker or other member of the Association; provided, that on transactions where brokers as agents for other members meet in the execution of orders in the open market and without prearrangement unintentionally consummate a contract for the one and same clearing member principal, such transactions shall not be considered in violation of this Rule. 202A (07/01/00)

332.01 Open Market Execution Requirement - All futures transactions resulting in change of ownership (except those involving the exchange of futures in cash transactions) must be made in the open market in the manner prescribed by Rules 332.00 and 310.00. 1866 (08/01/94)

332.01A Bidding and Offering Practices - Bidding and offering practices on the Floor of the Exchange must at all times be conducive to competitive execution of orders, as required by Rule 332.00. Bids or offers of 'all the way to,' 'all you have up (or down) to,' 'everything you have up (or down) to,' and similar expressions, are not conducive to competitive execution of orders, and are expressly deemed to be in violation of Rule 332.00. 47R (08/01/94)

332.01B Conformation with Section 1.39 of The Commodity Exchange Act - The Board of Directors at their regular meeting held on Tuesday, September 6th, 1955, ruled that inasmuch as the Chicago Board of Trade has no Rule that conforms to Section 1.39 of the Commodity Exchange Act, Rule 332.00 of the Board's Rules and Regulations prevails. 28R (08/01/94)

332.02 Trade Data - Each member executing transactions on the Floor of the exchange shall enter or cause to be entered on the record of those transactions an indicator designating the time bracket within the trading session in which each execution occurred. Each clearing member shall enter only the bracket information submitted to the clearing member by the member executing the trades in the designated form on the record of transactions submitted to the Clearing House. The brackets and their designations will be as follows:

7:00-7:15 a.m.	A	11:30-11:45 a.m.	S	5:00-5:15 p.m.	A
7:15-7:30 a.m.	B	11:45-12:00 noon	T	5:15-5:30 p.m.	B
7:30-7:45 a.m.	C	12:00-12:15 p.m.	U	5:30-5:45 p.m.	C
7:45-8:00 a.m.	D	12:15-12:30 p.m.	V	5:45-6:00 p.m.	D
8:00-8:15 a.m.	E	12:30-12:45 p.m.	W	6:00-6:15 p.m.	E
8:15-8:30 a.m.	F	12:45-1:00 p.m.	X	6:15-6:30 p.m.	F
8:30-8:45 a.m.	G	1:00-1:15 p.m.	Y	6:30-6:45 p.m.	G
8:45-9:00 a.m.	H	1:15-1:30 p.m.	Z	6:45-7:00 p.m.	H

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9:00-9:15 a.m.	I	1:30-1:45 p.m.	2	7:00-7:15 p.m.	I
9:15-9:30 a.m.	J	1:45-2:00 p.m.	3	7:15-7:30 p.m.	J
9:30-9:45 a.m.	K	2:00-2:15 p.m.	4	7:30-7:45 p.m.	K
9:45-10:00 a.m.	L	2:15-2:30 p.m.	5	7:45-8:00 p.m.	L
10:00-10:15 a.m.	M	2:30-2:45 p.m.	6	8:00-8:15 p.m.	M
10:15-10:30 a.m.	N	2:45-3:00 p.m.	7	8:15-8:30 p.m.	N
10:30-10:45 a.m.	O	3:00-3:15 p.m.	8	8:30-8:45 p.m.	O
10:45-11:00 a.m.	P	3:15-3:30 p.m.	9	8:45-9:00 p.m.	P
11:00-11:15 a.m.	Q			9:00-9:15 p.m.	Q
11:15-11:30 a.m.	R			9:15-9:30 p.m.	R

The first time bracket in the trading session of each respective commodity will be less than 15 minutes, as determined by the Regulatory Compliance Committee for each particular contract, and will be designated by a "dollar" sign "\$".

The last time bracket in the trading session of each respective commodity will be one minute or less, as determined by the Regulatory Compliance Committee for each particular contract, and will be designated by a "percent" sign "%"; provided however, that each respective contract market's close may be expanded or reduced by an amount of time which shall not exceed one minute due to unique market conditions on a particular trade date as determined in the discretion of each commodity's Pit Committee; any closing period other than that established by the Regulatory Compliance Committee shall be communicated to the market at least five minutes prior to the commencement of the revised close for that date.

The modified closing call in the trading session of each respective commodity will be designated by a "pound" sign "#".

If the member executing the trades does not submit a bracket designation to the clearing member, the clearing member shall enter "?" as the bracket designation when submitting the record of such transaction to the Clearing House. 1979 (09/01/94)

332.03 Lost Orders - Any broker who has reason to believe that an order has been lost or misplaced, shall immediately notify the Secretary of the Exchange, who shall thereupon have the matter investigated. (08/01/94)

332.04 Records of Floor Traders - Each member executing transactions on the Floor of the Exchange for his or her personal account [Type 1 trades as defined in CFTC Regulation 1.35(e)] must execute such transactions on the Floor of the Exchange using pre-printed sequentially pre-numbered trading cards. A new trading card must be used at the beginning of each time bracket as designated in Regulation 332.02.

Each member must record the transactions in exact chronological order of execution on sequential lines of the trading card (no lines may be skipped). Provided, however, that if lines remain after the last execution recorded on a trading card, the remaining lines must be marked through. All transactions which are recorded on a single trading card must be recorded on the same side of such trading card. No more than six transactions may be recorded on each trading card.

The trading cards must contain pre-printed member identification which will include, but will not be limited to, the trading acronym and the full name of the member. The trading cards must also contain preprinted bracket designations. (01/01/96)

332.041 Accountability of Trading Cards - Each member executing transactions on the Floor of the Exchange, and his clearing member(s), shall establish and maintain procedures that will assure the complete accountability of all pre-printed sequentially pre-numbered trading cards used by such member on a daily basis. Such trading cards must be distinguishable from other trading cards used by the member during a one week period. (08/01/94)

332.05 Card Collection - At such times and in such manner as designated by the Regulatory Compliance Committee, each member shall provide his clearing member with trading documents which are relied upon for transactional information necessary for submission to the clearing system

containing those trades that have been executed thus far during that day. Trading documents include trading cards of members' personal and proprietary trades, trading cards of one member reflecting trades of another member (CTI 3 pursuant to CFTC Regulation 1.35 (e)) and floor order tickets.

A member may correct any errors on trading documents by crossing out erroneous information without obliterating or otherwise making illegible any of the originally recorded information. Alternatively, with regard to trading cards only, a member may correct any errors by rewriting the trading card. However, if a trading card is rewritten to correct erroneous information, the member shall provide his clearing member with the top ply of the original trading card, or in the absence of plies, the original trading card, which has been subsequently rewritten, in accordance with the same collection schedule designated by the Regulatory Compliance Committee for trading documents relied upon for clearing purposes.

Following the collection of the above-stated documents, the clearing member shall ensure that all such documents receive an Exchange-designated time stamp upon collection. (12/01/96)

332.06 Records of Proprietary Orders - Immediately upon receipt on the Floor of the Exchange of an order from a proprietary or house account (Type 2 trades as defined in CFTC Regulation 1.35(e)) each member or registered eligible business organization shall prepare a written record of the order. It shall be dated and time stamped when the order is received and shall show the account designation.

Such written records of proprietary orders of both clearing and non-clearing member firms need not be prepared if the members executing such transactions on the Floor of the Exchange are employed by such member firms and meet the recordkeeping requirements set forth in Regulation 332.04. However, such members must register with the Exchange and may not trade for their personal accounts. The executing members may record proprietary orders in this manner if they have initiated such orders, or if their employing firm has placed proprietary orders with them for execution. (10/01/00)

332.07 Accountability of Trading Documents - A member is accountable for all documents used in the execution of trades, including trading cards used for his personal account and other documents used by the member in the execution of trades made for others.

Floor brokers who record flashed order executions on broker cards must record on the broker card, the corresponding clearing firm number and order ticket number for every flashed order execution. In addition, floor brokers who record flashed order executions on broker cards must use non-erasable ink and may correct any errors by crossing out the erroneous information without obliterating or otherwise making illegible any of the originally recorded information. (12/01/96)

332.08 CTR Recordkeeping and Data Entry Requirements - Pursuant to Regulations 332.02, 332.04, 332.041, 332.05, 332.06 and 332.07 and 332.09, each member and member firm shall keep, in an accurate and complete manner, all books and records required to be made or maintained under the Rules and Regulations regarding submission of data to the Exchange or the Clearing Corporation for CTR purposes. All trade data submissions must be done in a correct and timely manner.

Trade data includes, but is not limited to, the time bracket, executing broker, opposite broker, transaction type, customer type indicator ("CTI") code [as defined in CFTC Regulation 1.35 (e)], trade timing and trade sequencing information.

If the member executing the trade does not provide the required data to the clearing member, the clearing member shall enter "?" as the designation when submitting the record of such transaction to the Clearing House. If the trade cannot clear without the specific information, it is the clearing firm's obligation to enter a "?" designation and to obtain promptly from the member who executed the trade the complete and correct information concerning the trade. (08/01/94)

332.09 Member Trading for Another Member on the Trading Floor -

(a) At the time of execution, every order, which is not reduced to writing, that a member receives from another member who is present on the trading floor must be recorded. The member executing the order must record the time of execution to the nearest minute on the trading card or other document used to record the trade and must return this card or document to the initiating member.

A member placing a verbal order, except for orders involving options-futures combinations and other spread trades where the initiating member personally executes at least one leg of the spread,

shall simultaneously make a written record of the order and record the time of placement to the nearest minute. The order and the time shall be recorded on the member's trading card, which shall be in sequence with other trading cards used by that member. The trading card used to record the placement of the verbal order and the trading card or document used to record the execution of the order must be submitted together to the clearing member by the member placing the order or designated representative in accordance with the collection schedule established by the Exchange.

- (b) Every written order that is initiated by a member for his own account while on the Exchange floor must be dated and time stamped upon transmission for execution, and when returned or, in the case of an arbitrage or a flashed transaction, when confirmed or cancelled. (08/01/94)

332.10 Prohibition of Trading or Placing Verbal or Flashed Orders from the Clerks Step in Financial Futures and Options Contracts - Any Exchange member who performs the functions of a floor clerk or broker assistant who also stands in the area designated for broker assistants in any financial future or option pit which is clearly defined as the area behind the top step is prohibited from placing verbal orders or flashed orders for his personal account while standing in that location. Such members are also prohibited from executing trades while standing in this location. For the purposes of this Regulation, trading is defined as executing trades for one's personal account, an account of another member or a customer. Such members may only enter orders for their personal accounts by placing such orders through the normal customer order flow process which requires that the member leave the pit to place an order. (07/01/97)

333.00 Trades of Non-Clearing Members -

- (a) PRIMARY CLEARING MEMBER. Each non-clearing member who executes trades on Change must have one and only one Primary Clearing Member who will accept and clear the member's personal trades. A written authorization must be on file with the Member Services Department authorizing such non-clearing member, without qualification, to submit trades through such Primary Clearing Member, and designating such clearing member as the non-clearing member's Primary Clearing Member. Such Primary Clearing Member acts as Commission merchant for the non-clearing member. Such Primary Clearing Member, acting as commission merchant, shall be liable upon all trades made by the non-clearing member for the account of the Primary Clearing Member (unless authorization is revoked as provided in (c) below) and shall be a party to all disputes arising from trades between the authorized non-clearing member and another member or member firm made for the account of the Primary Clearing Member.
- (b) OTHER CLEARING MEMBERS. A non-clearing member may have one or more clearing members, in addition to his Primary Clearing Member, through whom he may also clear his trades, provided he has written permission to do so from his Primary Clearing Member. However, as provided in Rule 252.00, such clearing member's claims shall be subordinated to the claims of the Primary Clearing Member(s). Such written permission of the Primary Clearing Member must be filed with the Member Services Department. Written authorization from the other clearing member, authorizing the nonclearing member to make trades on Change for the account of the clearing member, must also be filed with the Member Services Department. Thereafter, such clearing member acting as commission merchant, shall be liable upon all trades made by the non-clearing member for the account of the clearing member (unless authorization is revoked as provided for in (c) below) and shall be a party to all disputes arising from trades between the authorized non-clearing member and another member or member firm made for the account of the clearing member. Notwithstanding the above, a non-clearing member may only obtain clearing authorization for transactions entered through the e-cbot system from a single clearing member in accordance with 9B.08.
- (c) REVOCATION OF AUTHORIZATION. A revocation of authorization, either by a Primary Clearing Member or another clearing member, must, to be effective, be in writing and be posted by the Secretary upon the bulletin board of the Exchange. A non-clearing member whose Primary Clearing Member has revoked authorization shall be denied access to the Floor until another clearing member has designated itself as the non-clearing member's Primary Clearing Member, pursuant to (a) above. Revocation of a non-clearing member's authorization to execute transactions through the e-cbot system shall be in accordance with 9B.08.

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- (d) The non-clearing member will not be permitted to submit a new primary clearing member authorization or clear trades through a new primary clearing member until such time as the former primary clearing member files a release with the Member Services Department. A primary clearing member who has revoked primary clearing member status to a non-clearing member must give the non-clearing member release upon the non-clearing member's request when the non-clearing member has obtained a new primary clearing member unless (1) the non-clearing member has current debts related to the conduct of business as a broker, trader or commission merchant at the primary clearing member equal to or greater than the amount specified in Rule 286.00; or (2) the clearing member is the guarantor under an existing valid guarantee of a loan which had been made to the non-clearing member exclusively for the purpose of financing the purchase of the non-clearing member's membership, such guarantee in an amount equal to or greater than the amount specified in Rule 286.00.
- (e) PRIORITY OF DEBTS FOR PURPOSES OF RULE 252.00. Upon transfer of the non-clearing member's membership, any indebtedness owed to a former Primary Clearing Member at the time of revocation which was incurred subsequent to authorization and which continues to be owed such former Primary Clearing Member(s) shall be paid in the chronological order of revocation (oldest debt first), in the manner and to the extent allowed under Rule 252.00. 204 (09/01/00)

333.01 Error Accounts -

- (a) Each non-clearing member who acts as a floor broker or is registered with the Commodity Futures Trading Commission or a registered futures association as a floor broker (i) shall maintain a personal account with his Primary Clearing Member into which he places brokerage errors; (ii) may maintain personal error accounts at one or more secondary clearing members, in addition to his Primary Clearing Member, provided he has written permission to do so from his Primary Clearing Member on file with Member Services Department.
- (b) Each clearing member who carries an error account agrees to accept and clear the broker's trades involving brokerage errors. A written authorization must be filed with the Member Services Department authorizing the broker, without qualification, to submit trades involving brokerage errors through such clearing member. Such clearing member shall be liable upon all trades involving brokerage errors that are submitted to the error account (unless authorization is revoked as provided herein) and shall be a party to all disputes involving trades between the broker, in his capacity as a broker, and another member or member firm that may ultimately be submitted to the error account. Revocation of authorization granted pursuant to this Regulation must be filed in writing with the Member Services Department and will become effective when written notice thereof is posted on the Exchange bulletin board by the Secretary. (08/01/94)

333.02 Primary Clearing Members' Membership File Review - Before a clearing member grants Primary Clearing Member authorization to any individual pursuant to Rule 333.00 a duly authorized representative of such clearing member must:

- a) review such individual's membership file as maintained by the Association; and
- b) confirm, in writing, to the Department of Member Services of the Association, that this review was conducted.

The written confirmation referenced above will be on a form prescribed by the Association and will be retained by the Association in the applicable individual membership file. (08/01/94)

333.03 Funds in Trading Accounts Carried by Clearing Members - The following shall apply to trading accounts which are carried for non-clearing members by clearing members pursuant to Rule 333.00:

- (a) If a non-clearing member trades in excess of written limits prescribed by the carrying clearing member, and/or if the non-clearing member is alleged to have engaged in reckless and unbusinesslike dealing inconsistent with just and equitable principles of trade, the disposition of any and all funds in the applicable trading accounts(s) may be suspended by the carrying clearing member, or by the Association through the Board of Directors, Executive Committee, Floor Governors Committee or Arbitration Executive Committee pending a determination by the Arbitration Committee regarding the appropriateness of the non-clearing member's conduct.

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Any Arbitration Committee decision to release trading account funds to the non-clearing member shall include the payment of interest by the clearing member to the non-clearing member as determined by the Arbitration Committee.

(b) Either the carrying clearing member or the Association may direct that the disposition of trading account funds be suspended pursuant to subparagraph a) of this regulation. However, if such suspension is initiated by the clearing member the suspension will be subject to review within one business day by the Board or one of the Committees designated in paragraph (a). The purpose of this review will be to determine if sufficient grounds exist to warrant continuation of the suspension pending a final determination by the Arbitration Committee. Association proceedings in this regard will be conducted in accordance with Regulation 540.60 "Procedures for Member Responsibility Actions". (05/01/94)

334.00 Trades of Non-Clearing Members - (See 431.00) (08/01/94)

335.00 Bids and Offers in Commodities Subject to First Acceptance - Any offer made on Change to buy or sell any commodity for future delivery is subject to immediate acceptance by any other member. All such offers shall be general offers and shall not be specified for acceptance by particular members. 254 (08/01/94)

336.00 Bids and Offers in Commodities Subject to Partial Acceptance - If an offer is made on Change (the Exchange) to buy or sell any specified quantity of any commodity for future delivery, such offer shall be deemed an offer to buy or sell all or any part of such specified quantity and, if not immediately accepted for the entire quantity, it may be accepted for a quantity less than specified. Orders or offers to buy or sell a specified quantity or none shall not be allowed, except as specifically provided in Regulation 331.03. 255 (07/01/00)

336.01 Guaranteeing Terms of Execution - Any member or member firm who receives an order to buy or sell a futures contract or option on a futures contract for execution on the Exchange is prohibited from directly or indirectly guaranteeing the execution of the order or any of its terms such as the quantity or price. A member may only report an execution that has occurred as a result of open outcry or has been effected through an Exchange approved automated order entry facility.

This regulation shall not be construed to prevent a member or member firm from assuming or sharing in the losses resulting from an error or mishandling of an order. (08/01/94)

337.01 Orders Involving Cancellations Accepted on a 'Not Held' Basis - All orders involving cancellations that reach the Trading Floor 10 minutes or less before the opening or resumption of the market, as applicable and all orders involving cancellations that reach the Trading Floor 10 minutes or less before the close of the market may involve extraordinary problems and hence will be accepted solely at the risk of the customer on a 'not held' basis.

All orders must be received by the floor broker within a reasonable time prior to the opening, the resumption or the close of the market, as applicable. Such other orders not received by the floor broker within a reasonable time prior to the opening, the resumption or the close of the market will be accepted solely at the risk of the customer on a 'not held' basis. 1847 (09/01/98)

350.00 Trade Checking Penalties - (See 563.00) (08/01/94)

350.01 Failure to Check Trades - If any member, firm or corporation is unable with diligent effort to check any future delivery transaction made with another member, firm or corporation, then such transaction shall be closed out for the account of whom it may concern by the member, firm or corporation claiming the contract at the earliest reasonable opportunity in order to establish any claim for loss because of such failure to check by the other party to the contract. 1811 (08/01/94)

350.02 Responsibility For Customer Orders - A floor broker or clearing member shall exercise due diligence in the handling and execution of customer orders. The Exchange's Arbitration Committee is authorized to determine whether a broker or clearing firm fulfilled their obligations and whether an adjustment is due to the customer. The Committee may consider the nature of the order and existing market conditions, including the existence of a "FAST" market, at the time the broker or clearing member acted or failed to act. However, a "FAST" designation does not nullify or reduce the

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obligations of the floor broker to execute orders with due diligence according to the terms of the order.

Except in instances where there has been a finding of willful or wanton misconduct, in which case the party found to have engaged in such conduct cannot avail itself of the protections in this provision, neither floor brokers nor member firms, or other persons acting as agents nor any of their officers, directors or employees, shall be liable for any loss, damage or cost (including attorney's fees and court costs), whether direct, indirect, special, incidental, consequential, lost profits or otherwise of any kind, regardless of whether any of them has been advised or is otherwise aware of the possibility of such damages, arising out of the use or performance of the CBOT's Electronic Order Routing System, any component(s) thereof, or any fault, failure, malfunction or other alleged defect in the Electronic Order Routing System, including any inability to enter or cancel orders, or any fault in delivery, delay, omission, suspension, inaccuracy or termination, or any other cause in connection with the furnishing, performance, maintenance, use of or inability to use all or any part of the Electronic Order Routing System, including but not limited to, any failure or delay in transmission of orders or loss of orders resulting from malfunction of the Electronic Order Routing System, disruption of common carrier lines, loss of power, acts or failures to act of any third party, natural disasters or any and all other causes.

The foregoing shall apply regardless of whether a claim arises in contract, tort, negligence, strict liability or otherwise. The foregoing limitations are cumulative and shall not limit or restrict the applicability or any other limitation or any rule, regulation or bylaw of the Exchange or the Clearing House. The foregoing shall not limit the liability of any floor broker or member firms, or other person acting as agent or any of their respective officers, directors or employees for any act, incident, or occurrence within their control.

If any of the foregoing limits on the liability of the floor brokers or member firms or other persons acting as agents or any of their officers, directors or employees should be deemed to be invalid, ineffective, or unenforceable and a customer sustains a loss, damage or cost (including attorney's fees and court costs) resulting from use of the Electronic Order Routing System, the entire liability of the floor brokers or member firms and their agents or any of their officers, directors or employees shall not exceed the brokerage commissions and any other charges actually paid by the customer.

Notwithstanding any of the foregoing provisions, this provision shall in no way limit the applicability of any provision of the Commodity Exchange Act, as amended, and Regulations, thereunder. (01/01/99)

350.03 Identification of Floor Trading Personnel and Floor Traders - Every member is required to wear an identification badge issued by the Association in a prominent position and in proper fashion to be admitted to the Trading Floor and must so wear the badge at all times while he is on the Trading Floor. Failure to wear a badge shall be considered an act detrimental to the welfare of the Association (Rule 504.00). 1955 (08/01/94)

350.04 Outtrades and Errors and Mishandling of Orders -

A. Outtrades - If a floor broker discovers, either intraday or interday, that all or some portion of a customer order was executed but cannot be cleared, the broker shall do one of the following:

1. Re-execute the order in the market and adjust the customer by check if the re-execution price is worse than the original execution price. If the re-execution price is better than the original execution price, the customer is entitled to the better price.
2. Assign the opposite side of the portion that cannot be cleared to his or her error account and assign a fill to the customer at the execution price. The floor broker shall not liquidate the assigned position until at least ten minutes have elapsed after the execution of the order giving rise to the outtrade and, in any event, after the bracket period in which the outtrade arose has ended. These liquidation restrictions shall not apply to a liquidation during a Modified Closing Call. Any profits resulting from the liquidation of the assigned position belong to the floor broker, and may be retained or disbursed to whomever he chooses, in his discretion.

A floor broker may not use the assignment process to clear unfilled or underfilled orders, orders that were



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erroneously executed in the wrong contract month, strike price, put vs. call or side of the market, or price outrades.

B. Errors and Mishandling of Orders - If a broker fails to execute an order in accordance with its instructions, or underbuys or undersells on an order, and the order, or the remainder of the order, is subsequently filled at a better price, then the customer is entitled to the better price. The customer is also entitled to an adjustment if he incurs a loss because of the delay in execution. However, if a broker overbuys or oversells on an order, the customer is not entitled to any of the excess.

A position that has been established in an erroneous or mishandled attempt to execute a customer order must be placed in the error account of the broker or firm responsible for the error or mishandling. When an order has been executed in the wrong contract month or strike price, and the erroneous transaction has been placed in the broker's or firm's error account, the error may be corrected by a spread transaction, in accordance with Regulation 352.01. Any profits resulting from the liquidation of the trades placed in a broker's or firm's error account belong to the relevant broker or firm, and may be retained or disbursed to whomever they choose at their discretion.  
(10/01/99)

350.05 Floor Practices - The following acts are detrimental to the welfare of the Association:

- (a) for a floor broker to purchase any commodity for future delivery, purchase any call commodity option or sell any put commodity option for his own account, or for any account in which he has an interest, or for those accounts falling within the exception of paragraph (c) of this Regulation, while holding an order of another person for the purchase of any future, purchase of any call commodity option, or sale of any put commodity option, in the same commodity which is executable at the market price or at the price at which such purchase or sale can be made for the member's own account or the account in which he has an interest, or for those accounts falling within the exception of paragraph (c) of this Regulation.
- (b) for a floor broker to sell any commodity for future delivery, sell any call commodity option or purchase any put commodity option for his own account, or for any account in which he had an interest, or for those accounts falling within the exception of paragraph (c) of this Regulation, while holding an order of another person for the sale of any future, sale of any call commodity option, or purchase of any put commodity option in the same commodity which is executable at the market price or at the price at which such sale or purchase can be made for the member's own account or the account in which he has an interest, or for those accounts falling within the exception of paragraph (c) of this Regulation;
- (c) for a floor broker to execute a transaction in the trading pit for an account over which he has discretionary trading authority.

The above restriction shall not apply to:

- 1. transactions for another member of the Exchange;
  - 2. transactions for members of the floor broker's family which include; spouse, parent, child, grandparent, grandchild, brother, sister, uncle, aunt, nephew, niece, or inlaw;
  - 3. transactions for proprietary accounts of member firms.
- (d) for a member to disclose at any time that he is holding an order of another person or to divulge any order revealed to him by reason of his relationship to such other person, except pursuant to paragraph (c) of this Regulation, in the legitimate course of business or at the request of an authorized representative of the Exchange or of the Commission; the mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of the Association's Rules and Regulations; however, nothing herein shall alter or waive a member's responsibility to comply with existing provisions of the Commodity Exchange Act, Commission Rules, and the Rules and Regulations of the Association; furthermore, it shall be a violation of this Regulation for any individual to solicit or induce a member to disclose order information in a manner prohibited by this Regulation;
  - (e) for a member to take, directly or indirectly, the other side of any order of another person revealed to him by reason of his relationship to such other person, except with such other person's prior consent and in conformity with Exchange rules or except for transactions done in accordance with

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Regulation 350.04 to resolve bonafide outrades;

- (f) for a member to make any purchase or sale which has been pre-arranged;
- (g) for a member to withhold or withdraw from the market any order or part of an order of another person for the convenience of another member;
- (h) for a member to execute any order after the closing bell is sounded except in a call market close;
- (i) for a member to buy and sell as an accommodation at any time or, except as specifically provided in Regulations 331.03, 331.04 and 350.10, to use one order to fill another order, or any part thereof;
- (j) for parties to a transaction to fail to properly notify the pit recorder of the price at which trades have been consummated;
- (k) for a floor broker to allocate executions of orders in any manner other than an equitable manner.
- (l) for a member to initiate during the same trading session a transaction for future delivery in a CBOE 50 or CBOE 250 Stock Index future(s) for his or her own account, or for any account in which he or she has an interest, or for the account of his or her family including spouse, parents, children, grandparents, grandchildren, brothers, sisters, uncles, aunts, nephews, nieces and in-laws, and to execute as a floor broker any order for future delivery in a CBOE 50 or CBOE 250 Stock Index future(s). This restriction shall not apply to any transaction made by the member to offset a transaction made in error by the same floor member. (07/01/00)

350.06 Give-Ups - A member must have prior permission from a clearing member to give-up its name for a trade executed on the Exchange. For give-up orders, the executing clearing member must first clear the trade and then transfer it in accordance with Regulation 444.01(f). A floor broker is prohibited from giving up in the pit a name other than the executing clearing member placing the order. Give-up orders are prohibited when used as a pricing mechanism in connection with cash market contracts. Pricing in connection with cash market contracts must be done only on a versus-cash basis pursuant to the requirements of Regulation 444.01. (11/01/97)

350.07 Checking and Recording Trades - Members must within fifteen minutes after each transaction confirm with the opposite member trader every execution of a futures transaction with respect to executing member, price, quantity, commodity, future and respective clearing members. Members must within fifteen minutes after each transaction confirm with the opposite member trader every execution of an options transaction with respect to executing member, premium, quantity, option series, and respective clearing members. Each record of transactions must show the relevant foregoing information and also must include and clearly identify the date and appropriate time bracket, and the opposite executing member.

In addition, each member who, on the Floor of the Exchange receives a customer's or options customer's order which is not in the form of a written record including the account identification, order number and date and time, to the nearest minute, such order was received on the floor of the Exchange, shall immediately upon receipt thereof prepare a written record of such order, including the account identification and order number, and shall record thereon the date and time, to the nearest minute, such order is received.

Non-erasable ink must be used to record all such information. (11/01/94)

350.08 Notification of Unchecked Trades - Any clearing firm that is unable with diligent effort to check a transaction with another member, shall notify the floor member who executed the transaction. Such notice shall be given prior to the following day's Regular Trading Hours opening or resumption, as applicable. In the case of agricultural contracts, such notice shall be given no later than twenty minutes prior to the following day's opening or resumption, as applicable.

In all cases, such notice shall be given in sufficient time as to allow the floor member to make provisions for any adjustment. In the case of agricultural contracts, the floor member will have resolved his trades by no later than twenty minutes prior to the relevant opening or resumption, as applicable.

The opening range or resumption range, as applicable, of the following day's Regular Trading Hours

market shall be the limit of liability as a result of an unchecked trade.  
(09/01/98)

350.10 Exemption for Certain Joint Venture Products - Notwithstanding any other provisions of these Rules and Regulations, a member who simultaneously holds orders on behalf of different principals to buy and sell any of the inter-regulatory or intermarket spreads designated below, may execute such spread orders for and directly between principals; provided that the member shall first offer such spread orders competitively by open outcry in the open market (a) by both bidding and offering at the same price, and neither such bid nor offer is accepted or (b) by bidding and offering to a point where such offer is higher than such bid by not more than the minimum permissible price fluctuation applicable to such spread orders and neither such bid nor offer is accepted. If any such order is not accepted within a reasonable amount of time, then the member may, execute such order for and directly between the principals. The following requirements must also be met in the execution of such spread orders:

- (1) The member who executes such order must do so in the presence of a Chicago Board Options Exchange Floor Official, who is a member qualified to trade Joint Venture futures contracts.
- (2) Such member shall clearly identify all such spreads on his trading card or similar record by appropriate symbol or descriptive words and shall note on such card or record the exact time of execution. Such member shall thereupon promptly present said card or record to the Floor Official for verification and initialing.
- (3) No futures commission merchant or floor broker who receives any of the inter-regulatory or intermarket spread orders designated below from another person shall take the other side of such spread orders, except with such other person's prior consent.

This Regulation applies to the following spread strategies:

- (a) inter-regulatory strategies involving a CBOE 50 and/or CBOE 250 Stock Index future(s) spread against a Standard and Poor's 100 and/or Standard and Poor's 500 option(s) traded on the Chicago Board Options Exchange;
- (b) intermarket futures spreads involving a CBOE 50 Stock Index future(s) spread against a CBOE 250 Stock Index future(s); or
- (c) any other inter-regulatory or intermarket spread designated under this Regulation by the Board of Directors of the Association. (08/01/94)

350.11 Resolution of Outtrades - Outtrades shall be resolved by issuing a check in an amount agreed to by the members making the trade(s).

#### A. Price Outtrades

When an outtrade exists due to a discrepancy as to price, members making the trade may choose to resolve the discrepancy by electing either of the two prices in question, if they agree that the trade was executed at that price.

If an outtrade involves a price discrepancy between a local and a broker, and the members cannot agree on the price of execution, the price recorded by the broker shall be used to clear the trade. Any adjustments shall then be made by check, in compliance with this Regulation.

If an outtrade between locals or an outtrade between brokers involves a price discrepancy, and these members cannot agree on the price of execution, the buyer's price shall be used to clear the trade. Any adjustments shall then be made by check, in compliance with this Regulation.

#### B. Quantity Outtrades

When an outtrade exists due to a discrepancy as to quantity, members making the trade may choose to resolve the discrepancy by electing either of the two quantities in question, if they agree that the trade was executed in that quantity.

If any outtrade between locals involves a quantity discrepancy and these members cannot agree on the quantity that was executed, the higher quantity shall be used to clear the trade. Any adjustments shall then be made by check, in compliance with this Regulation.

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A broker may assign the opposite side of any excess quantity on his order, which he believes that he has executed, to his error account, pursuant to Regulation 350.04, and he may agree to the clearing of the transaction according to the quantity recorded by the other member, whether the other member was a broker or a local.

C. Bona Fide Contract Month, Strike, Put vs. Call and Side of Market (Buy vs. Buy or Sell vs. Sell) Outtrades

When an outtrade exists due to a discrepancy as to the contract month, strike price, whether an option trade involved a put or a call, or side of the market, and any party who executed a customer order believes that the order has been executed in accordance with its instructions, the outtrade may be resolved in any one of the following ways:

1. The trade may be busted. If a broker re-executes his order, any losses incurred by the customer as a result of the delay in execution must be adjusted by check. If the order is executed at a more favorable price, the customer is entitled to the better price.
2. The members making the trades(s) may agree that either trade or both trades may be cleared in accordance with the members' recorded trade data.
3. A broker may assign the opposite side of his own order to his error account, pursuant to Regulation 350.04, and he may agree to the clearing of the transaction according to the terms of the other member's recorded trade data, whether the other member was a broker or a local.
4. If both members were brokers, they may both assign their respective trades to their error accounts, pursuant to Regulation 350.04.

A customer shall not be entitled to any portion of any profits realized by a local who was on the opposite side of an outtrade between the local and the customer's broker, as a result of the local's liquidation of his position. Such profits belong to the local, and may be retained or disbursed to whomever he chooses, in his discretion. If the local chooses to disburse any portion of such profits to the broker, and the broker's customer has received a fill in accordance with the broker's recorded trade data, the broker is not obligated to offer such profits to this customer.

It shall be an offense against the Association for members to prearrange a trade to reconcile an outtrade.

Nothing herein shall in any way limit a member's right to submit an outtrade to Exchange arbitration if an outtrade cannot be resolved by agreement. (10/01/99)

352.01 Spreading Transactions - A spread transaction involving options, or the purchase and sale of different futures, at a price or yield difference or simultaneously at a separate price for each side of the spread is permitted on this Exchange provided:

1. that each side of the spread (the purchase of one future and the sale of another future) is for the same account, or in the case of spreads in options, all sides are for the same account. Provided that, when an order has been executed in the wrong month, wrong strike price or wrong commodity, and the erroneous transaction has been placed in the broker's or firm's error account, the error may be corrected by a spread transaction in which one leg of the spread offsets the position in the error account and the other leg is the correct execution of the order. Provided further that the liability of the floor broker or FCM shall be determined in accordance with Regulation 350.04.
2. that all sides of the spread are priced at prices within the daily trading limits specified in Regulation 1008.01;
3. that the spread is offered by public outcry in the pit assigned to the commodity(ies) or option(s) involved.
4. that the transaction shall be reported, recorded and publicized as a spread in the ratio in which it was executed.
5. that when such transactions are executed simultaneously, the executing member on each side of

the transaction shall designate each part of the trade as a spread on his cards by an appropriate word or symbol clearly identifying each part of such transaction.

6. that for options the spreads must conform to one of the following definitions, any multiple or combination of these strategies, or any generally accepted relationship between options and the underlying futures, including but not limited to:
  - a. Vertical and Horizontal Spreads. Short one call (put) and long another call (put) with a different strike price and/or expiration month.
  - b. Straddles. Short (long) puts and calls in a generally accepted spread ratio.
  - c. Conversions and Reverse Conversions. Short (long) calls, long (short) puts, and long (short) futures in a generally accepted spread ratio.
  - d. Butterflies. Two vertical spreads which share one common strike price.
  - e. Boxes. Long a call and short a put at one strike price and short a call and long a put at another strike price.
  - f. Synthetic Straddles. Long (short) futures and short (long) calls or long (short) puts in a generally accepted spread ratio.
  - g. Ratio Spreads. Long calls (puts) and short calls (puts) in a generally accepted spread ratio.
  - h. Ratio Writes. Short calls (puts) and long (short) futures in a generally accepted spread ratio.
  - i. Ratio Purchases. Long calls (puts) and short (long) futures in a generally accepted spread ratio.
  - j. Synthetic Futures. Long calls (puts) and short puts (calls) in a generally accepted spread ratio.
7. that in executing a ratio spread, a member shall bid or offer by open outcry either both the spread portion at a price difference and the remaining portion (i.e., the "tails") at a specific price for each, or the entire ratio spread at a separate price for each side of the transaction. A ratio spread and if applicable each part of it must be executed competitively by open outcry in accordance with this regulation and Rule 332.00. A bid or offer for a ratio spread is subject to partial acceptance in ratioed units in accordance with Rule 336.00.
8. that for spread transactions at a yield difference the following conditions are met:
  - a. one side of the spread is a yield-based futures contract, i.e. where the final contract settlement price is calculated by subtracting a yield measurement from 100.
  - b. the sides are priced at the price spread implied by the yield spread.
  - c. the prices for Short, Medium, and Long Term U.S. Treasury Note and U.S. Treasury Bond futures are those implied for 8% coupon, semi-annual non-amortizing instruments with exactly two, five, ten, and twenty years remaining maturity as calculated and published by the Exchange.
  - d. the prices for the yield-based futures contracts are calculated by subtracting the yield from 100.
  - e. the yields are quoted in increments no smaller than one half basis point.
  - f. the Regulatory Compliance Committee has designated the spread for trading on a yield basis.

Brokers may not couple separate orders and execute them as a spread, nor may a broker take one part of a spread for his own account and give the other part to a customer on an order. (08/01/00)

352.01A Unacceptable Spread Orders - Certain orders that involve the trading of different contracts, when the contracts involved are traded in different designated trading pits and when the resulting positions do not offset to reduce economic risk, do not represent legitimate spreading transactions and are specifically deemed to be unacceptable orders. Such transactions must be

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executed on separate orders in the respective designated trading areas. The foregoing provisions apply to, but are not limited to, the following examples:

There are separate trading pits for options and futures. An order to buy a put (or sell a call) and sell the underlying future establishes a short position only, and therefore there is no offsetting feature. An order to sell a put (or buy a call) and buy the underlying future establishes a long position only, and therefore there is no offsetting feature. These orders are unacceptable as spread orders. (08/01/94)

352.02 Joint Venture Intermarket and Inter-Regulatory Spreads - -  
Notwithstanding any other provisions of these Rules and Regulations to the contrary, the following principles shall apply to spreading transactions involving Joint Venture Products.

1. Futures spreads involving CBOE 50 and/or CBOE 250 Stock Index futures contracts may be bid or offered at a differential and if so bid or offered, such spreads may not be separated into their individual components.
2. Inter-Regulatory spread strategies involving CBOE 50 or CBOE 250 Stock Index futures spread against Standard and Poor's 100 or Standard and Poor's 500 options traded on the Chicago Board Options Exchange ("CBOE") may be bid or offered at a differential. If such spreads are bid or offered at a differential, they may not be separated into individual parts. The futures side of such spreads must be priced within the daily quotation range. The price of the options side of such spreads shall not touch the best bid or offer contained in the CBOE order book but may touch but shall not go through the current best bid or offer prevailing in the trading crowd. The prices for both sides of such spreads shall be disseminated immediately and shall be identified as a spread. The price differential shall also be disseminated immediately.
3. Inter-Regulatory spreads involving CBOE 50 and/or CBOE 250 Stock Index futures contracts spread against Standard and Poor's 100 and/or Standard and Poor's 500 options may be executed in any location in the Standard and Poor's 100 or the Standard and Poor's 500 option pit(s).
4. Joint Venture inter-regulatory or intermarket spreads may not be used to establish opening prices for Joint Venture futures contracts. (08/01/94)

360.01 Pit Supervisory and Enforcement Authority of the Respective Pit Committees - It shall be the function and duty of the Pit Committees to supervise and enforce decorum and trading etiquette within their respective trading pits.

I. Supervision and Enforcement of Pit Decorum

Each Pit Committee shall have the authority over its respective pit to discipline any individual who has committed a decorum offense within the pit, as set forth in Rule 519.00, by the imposition of a fine not to exceed \$5,000.00

Pit Committee members shall issue a ticket to the offender notifying the offender that the Pit Committee has imposed a warning or designated fine in accordance with the following schedule guidelines:

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1st offense	Warning or fine between \$250.00 - \$2,500.00
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2nd offense and subsequent offenses	Fine between \$500.00 - \$5,000.00
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Any Exchange member may request that the Pit Committee issue a ticket; however, the Pit Committee Chairman or Vice-Chairman or in the alternative, a member of the Floor Governors Committee, must sign and thereby authorize each and every ticket issued by the Pit Committee. Any ticket not authorized by the Pit Committee Chairman or Vice-Chairman, or in the alternative, a member of the Floor Governors Committee, will be deemed to be invalid.

The recipient of a Pit Committee ticket may either pay the corresponding fine or request a summary hearing before the respective Pit Committee to contest the ticket. The summary hearing shall be held after the close of trading on the afternoon of the day the ticket was issued or as soon

as possible thereafter. The attendance of either a simple majority or five members of the respective Pit Committee, whichever is less, shall constitute a quorum for the purpose of a summary hearing.

Application of Regulations - The Chairman, Vice-Chairman, or Pit Committee Member who initiated a ticket may not sit on the panel; however, he may participate at the hearing as a witness. The Chairman or Vice-Chairman who simply authorized, but did not initiate the ticket, may sit on the panel that hears the matter.

No member of the summary hearing panel may have a direct financial or personal interest in the outcome of the matter.

If a ticket was issued by the Pit Committee at the request of a member, the requesting member must appear at the summary hearing. If the requesting member fails to appear, the ticket will be voided. Furthermore, the requesting individual's failure to appear may be deemed to constitute an act detrimental to the welfare of the Association.

Members may not be represented by an attorney at the summary hearing.

The decision of the summary hearing panel shall be final; however, a member shall have a limited right to appeal the decision to the Exchange's Appellate Committee on the grounds that the decision was:

- a. In excess of the summary hearing panel's authority, jurisdiction, or limitations; or
- b. Without observance of the required procedures.

Any member or individual with floor access privileges who has received a Pit Committee ticket for a decorum offense of Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment, and/or Use of Profane or Obscene Language and during the same trading session, engages in a further Rule or Regulation violation relating to Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment, and/or Use of Profane or Obscene Language may, in addition to other sanctions (including but not limited to fines, suspensions, and expulsions imposed by the Association pursuant to the Rules and Regulations), be immediately and summarily removed from the Exchange trading floor and denied trading floor access for the remainder of the trading session pursuant to the following procedures:

- a. Certification by a Chairman of the Pit Committee (or, in the Chairman's absence, by a Vice-Chairman of the Pit Committee) that the individual has continued to engage in Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment, and/or Use of Profane or Obscene Language after having previously received a Pit Committee ticket for the same offense in the same trading session; and
- b. Approval of such summary action by a member of the Floor Governors Committee and a member of the Board of Directors or by two members of the Board of Directors, provided that no individual granting such approval shall have been involved in the altercation.

Additionally, should the first such offense be of such a serious nature, the individual may be denied trading floor access for the duration of the trading session pursuant to the above procedure.

## II. Supervision and Enforcement of Pit Trading Etiquette

Each Pit Committee shall have the authority over its respective pit to issue a ticket to any member who has allegedly violated the pit's trading etiquette. Each pit, by and through its Pit Committee, shall be responsible for determining the nature and extent of its pit trading etiquette. However, the Floor Governors Committee will be responsible for standardizing the pit trading etiquette that is common to all of the Exchange's trading pits.

A breach of trading etiquette does not in itself constitute a specific violation of an Exchange Rule or Exchange Regulation. However, any particularly egregious violation of a trading etiquette or repeated violation of trading etiquette may result in disciplinary action by the Floor Governors Committee pursuant to the general provisions of Exchange Rule 500.00 (Inequitable Proceedings) and/or Rule 504.00 (Acts Detrimental to the Welfare of the Association).

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Any member may request that a ticket be issued and any member of the respective Pit Committee may issue a ticket. However, the Pit Committee Chairman or Vice-Chairman must sign and thereby authorize each ticket.

If the recipient of a ticket wishes to contest the ticket he shall immediately notify the Chairman or Vice-Chairman of the Pit Committee and a summary hearing shall be held by the Pit Committee after the close of that day's trading, or as soon as possible thereafter.

The purpose of the hearing will be for the Pit Committee, to determine by majority vote, whether the ticket should stand or whether the ticket should be voided.

The attendance of either a simple majority or five members, whichever is less, shall constitute a Pit Committee Hearing Panel quorum.

No member of the Pit Committee Hearing Panel may have a financial or personal interest in the matter.

The Chairman, Vice-Chairman or Pit Committee Member who initiated a ticket may not sit on the panel, however, he may participate at the hearing as a witness. The Chairman or Vice-Chairman who simply authorized, but did not initiate the ticket, may sit on the panel that hears the matter.

Failure of the member who requested the ticket to appear will result in the ticket being voided, and the failure to appear may constitute an act detrimental to the Association.

Members may not be represented by an attorney at a hearing.

Staff will not be present during any hearing, except at the specific request of the Pit Committee.

Decisions of the panel will be final. Respondents will not be able to appeal the panel's decision.

If a member reaches a total of any three violations (all pits inclusive), within six months, the member shall be automatically referred to Floor Governors for possible disciplinary action pursuant to Rule 500.00 and/or Rule 504.00. However, a pit committee may, at its discretion, refer any single offense committed within its respective pit to the Floor Governors Committee. A simple majority of the pit committee shall be required before a single offense may be referred to the Floor Governors Committee.

A ticket will expire and be expunged from any and all records after twelve months from the date of the ticket's issuance unless the ticket has been referred to Floor Governors Committee. In the event that a ticket has been referred to Floor Governors Committee, the ticket will expire and be expunged from the records only after the Floor Governors Committee decides not to pursue formal charges.

Tickets referred to the Floor Governors Committee will serve as the basis of O.I.A.'s investigation, and the tickets may be submitted as evidence in support of O.I.A.'s case before the Floor Governors Committee. However, O.I.A. will conduct its own separate and distinct investigation of the matter.

### III. Pit Committee Grievance Meetings

On a monthly basis, or more frequently as needed, each Pit Committee shall convene and hold an informal grievance meeting. The purpose of the informal grievance meetings will be to:

- a. review and discuss general issues relating to pit etiquette and pit trading practices;
- b. formulate and submit to the Floor Governors Committee recommendations for trading standards;
- c. review and consider specific complaints relating to pit etiquette and pit trading practices; and
- d. determine by simple majority whether to recommend that the Floor Governors Committee investigate specific instances of pit etiquette and pit trading practices that the Pit Committee believes may be inequitable.

The Pit Committees shall conduct and determine the time, location, manner and form of their



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respective Pit Committee Grievance Meetings. Staff will not be present during any Pit Committee Grievance Meeting, except at the specific request of the Pit Committee. (01/01/00)

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400.00 Commission Merchant - A member who makes a trade, either for another member or for a non-member, but who makes the trade in his own name and becomes liable as principal as between himself and the other party to the trade. 13 (08/01/94)

401.00 Corporations and Partnerships - (See 230.00) (08/01/94)

401.01 Partnerships and Corporations - Trading Authority - (See 230.01) (08/01/94)

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402.00 Business Conduct Committee - (See 542.00) (08/01/94)

403.00 Testimony and Production of Books and Papers - (See 545.00) (08/01/94)

403.01 Approval of Customer Accounts - No firm or any of its wholly-owned affiliates shall carry customer accounts without prior approval obtained either at the time of registration under Regulation 230.02 or 230.06 or prior to change in the nature of business previously authorized. In order to originate and carry on a business with public customers, a firm is subject to the minimum capital requirements established by the Financial Compliance Committee.

No member sole proprietorship shall carry customer accounts without prior approval. A member requesting approval to carry customer accounts shall submit a certified financial report of the sole proprietorship, prepared by an independent Certified Public Accountant as of a date which is no more than 90 days prior to the date of submission. In order to originate and carry on a business with public customers, a sole proprietorship is subject to the minimum capital requirements established by the Financial Compliance Committee. 1780 (08/01/94)

403.02 Financial Questionnaire - (See 285.01) (08/01/94)

403.03 Audits - (See 285.02) (08/01/94)

403.04 Reduction of Capital - (See 285.03) (08/01/94)

403.05 Restrictions on Operations - (See 285.04) (08/01/94)

403.07 Financial Requirements - (See 285.05) (04/01/97)

403.08 Expulsion from a Designated Contract Market - Upon review of the decision or record which resulted in a person or a firm's expulsion from membership in, or the privileges of membership on, any recognized domestic or foreign board of trade or securities exchange, should the Board of Directors find that there exists a demonstrable connection between the type of conduct which resulted in the expulsion and the protection afforded the Exchange, its members and customers through a trading prohibition against the expelled individual or firm, the Board may direct that no member or member firm may carry any account, accept an order, or handle a transaction, relating to futures contracts or options on futures contracts traded on the Exchange, for or on behalf of such expelled person or firm. Such an order may be modified or revoked by a vote of two-thirds of the Directors. (08/01/94)

404.00 Advertising - (See 287.00) (08/01/94)

405.00 Trade Checking Penalties - (See 563.00) (08/01/94)

#### Ch4 Customer Accounts

414.00 Trades of Non-Clearing Members - - (See 286.00) and (See 431.00)  
(08/01/94)

415.00 Trades of Non-Clearing Members - (See 333.00) (08/01/94)

416.01 Correspondent Accounts - Each registered eligible business organization must maintain a complete listing of all correspondent accounts carried on its books. Such list shall be promptly provided to authorized representatives of the Association. Information for each correspondent account must include name and address, classification of the account as customer or house, regulated or non-regulated. 1780A (04/01/98)

416.02 Members Responsible for Correspondents - Members doing business with correspondents must keep themselves well informed regarding their financial standing and shall immediately report to the Secretary any information that does in any way indicate that a correspondent is insolvent, or threatened with insolvency, or guilty of any irregularities or practices affecting the good name of the Association. 1043 (08/01/94)

416.02A Correspondents - In May, 1935, the Rules Committee ruled that the word "correspondents" as it is used in Regulation 416.02 means the following:

1. A correspondent, under the provisions of Regulation 170.07 is a person, firm or corporation (member or non-member) transacting a banking or a brokerage business connected by telephone or telegraphic wire or wireless connection with the office of a member.
2. A non-clearing member who solicits and turns over security or future delivery orders to a clearing member for execution, is a correspondent of the clearing member whether or not his office is connected by telephonic, telegraphic wire connections to that of the clearing member.
3. Under the provisions of Regulation 416.02, any member doing business with correspondents has the responsibilities therein outlined. 17R (08/01/94)

416.04 Correspondent Accounts - Consistent with its duties under Rule 542.00, the Business Conduct Committee may require that the identities and positions of the beneficial owners of any correspondent account be immediately disclosed to the Business Conduct Committee or to authorized representatives of the Association. If disclosure is not provided and the Business Conduct Committee determines that such failure to provide information is an impediment to the Committee in the discharge of its duties under Rule 542.00, appropriate summary action may be ordered up to and including immediate liquidation of all or a portion of the positions in the correspondent account. Any such summary action shall be taken in accordance with the procedures set forth in Regulation 540.06. (08/01/94)

416.05 Limitations On Acceptance of Agent Business - No member FCM shall solicit or accept any options order for execution on the Exchange which has been solicited, accepted or serviced by any person who is not registered as an associated person of such member FCM. Provided, however, that at such time as any futures association registered under Section 17 of the Commodity Exchange Act has determined to provide for the regulation of the options-related activity of its members in a manner equivalent to that required of contract markets by the Commission, any FCM member of such futures association may solicit or accept options orders for execution on the Exchange in the same manner as FCMs which are members of the Exchange.

Further, no member FCM may solicit or accept options orders from any person whom it has reason to believe may be soliciting options orders in contravention of this Regulation or Regulation 33.3 or the Commission. (08/01/94)

417.01 Notice and Processing of Transfer of Accounts - When a commission merchant goes out of business, or closes one or more offices, or withdraws ordinary facilities for transacting business from one or more offices, the following shall apply:

Upon the transfer of customer accounts in commodity futures contracts by a member or registered eligible business organization, to any other futures commission merchant (member or non-member), the transferor shall immediately give written notice of the transfer to the Secretary of the Association. Such written notice shall contain: (1) the name and address of the transferee; (2) the date of the transfer; (3) the number of customer accounts; (4) the net equity of customer funds, and (5) a statement certified by the member, or by a general partner or executive officer whose membership is registered for the transferor, that (a) the transferor has provided prior notice of the transfer to each customer whose account is thus transferred and (b) the transfer has been preceded by reasonable investigation of the transferee by the transferor and that the transferee is a suitable recipient of the transferred accounts.

Upon the transfer of customer accounts by a non-member of the Association, to any member or registered eligible business organization, the transferee shall immediately notify the Secretary in writing that such transfer has occurred and such written notice shall identify the transferor, the date of transfer, the number of customer accounts, and the net equity of customer funds being transferred to such member or registered eligible business organization.

A member or registered eligible business organization, acting as a transferor or transferee, must be able to facilitate a bulk transfer of accounts by use of an automated system as prescribed by the Association.

This regulation applies to all transfers of customer accounts involving members or registered eligible business organizations, who or which are closing facilities unless they are initiated at the unsolicited request of the customers. 1809C (04/01/98)

418.01 Non-Members' Accounts - When a non-clearing member has trading authority over a non-members account carried on a disclosed basis he shall so inform the clearing member carrying the account.

Non-clearing members may be permitted to carry both omnibus and disclosed accounts with clearing members provided that when the non-clearing member used both types of accounts, he shall guarantee the clearing member carrying any disclosed accounts against any loss in such accounts.

The non-clearing member must notify the carrying member that he is carrying both omnibus and disclosed accounts. 1819 (08/01/94)

419.00 Trading for Employees - No member shall accept orders or clear trades for a non-member who is employed by another member nor shall another member accept orders or clear trades for a member who is employed by another member when the name of the employer appears in the transaction. 205 (08/01/94)

420.00 Trading by Employees - No member shall accept marginal accounts of any employee, whether member or non-member, of the Association or of the Clearing House or of another member unless written consent of the employer be first obtained. 206 (08/01/94)

420.01 Gratuities - (See 206.02) (08/01/94)

420.01A Elective Officers and Non-Member Directors - For purposes of Rule 420.00, Elective Officers and non-member Directors of the Association shall not be considered employees of the Association. (08/01/94)

421.00 Confirmation to Customers - A commission merchant who makes a trade for a member or non-member customer shall confirm the trade to the customer no later than the business day following the day upon which the transaction was consummated. Such confirmation shall be in writing and shall show the commodity or security bought or sold, the amount, the price, and the name of the other party to the contract, and, in the case of a commodity, the delivery month. A non-resident member may give to his customer the name of his resident commission merchant in lieu of the name of the other party to the contract, subject to the right of the customer to receive the name of the other party to the contract upon request.



Where a trade is made by a branch office of a resident member, such branch office being outside of Illinois, the branch office may confirm the trade to the customer without giving the name of the other party to the contract, provided the confirmation has prominently printed or stamped thereon the words, "Name of other party to contract furnished on request." 207 (08/01/94)

421.01 Confirmations - A confirmation of a commission merchant to the customer need not contain the name of the other party to the contract, provided the confirmation has prominently printed or stamped thereon the words, "name of other party to contract furnished on request." 1845 (08/01/94)

421.02 Options Confirmations -

- (a) A commission merchant who makes an options trade for a member or non-member customer shall confirm the trade to the customer no later than the business day following the day upon which the transaction was consummated. Such confirmation shall be in writing and shall indicate the customer's account identification number; a separate listing of the amount of the premium and all other commissions, costs and fees; the option series; the expiration date; and the date of the transaction.
- (b) In addition, upon the expiration or exercise of any commodity option, each commission merchant must furnish to each customer holding any such option which has expired or been exercised, not later than the next business day, a written confirmation statement which shall include the date of such occurrence, a description of the option involved, and in the case of exercise, the details of the futures position which resulted therefrom.
- (c) Notwithstanding paragraphs (a) and (b) of this Regulation, a commodity options transaction that is executed for a commodity pool (investment company) need be confirmed only to the operator of the commodity pool.
- (d) With respect to any account controlled by any person other than the customer for whom the account is carried, each commission merchant shall promptly furnish in writing to such other person the information set forth in paragraphs (a) and (b) of this Regulation. (08/01/94)

421.03 Average Price Orders - Member firms may confirm to customers an average price when multiple execution prices are received on an order or series of orders for futures, options or combination transactions. An order or series of orders executed during the same trading day at more than one price may only be averaged pursuant to this regulation if each order is for the same account or group of accounts and for the same commodity and month for futures, or for the same commodity, month, put/call and strike for options.

Any member or member firm that accepts an order pursuant to this regulation must comply with requirements of this regulation and all order recordation requirements.

Upon receipt of an execution at multiple prices for any order subject to this regulation, an average price will be computed by multiplying the execution prices by the quantities at those prices divided by the total quantities. An average price for a series of orders will be computed based on the average prices of each order in that series.

Each Clearing firm that confirms to a customer an average price, must indicate on the confirmation and monthly statement that the price is not an execution price. (10/01/01)

421.05 Allocation of Exercise Notices - The Clearing House, in an equitable, random manner, shall assign exercise notices tendered by options purchasers to clearing members holding open short options positions; and each clearing member and commission merchant, in an equitable, random or proportional manner, shall assign exercise notices it receives on behalf of customer accounts to such customer accounts holding open short options positions. (08/01/94)

422.00 Investment Company Accounts - (See 507.00) (08/01/94)

423.00 Discretionary Orders - No member or registered eligible business organization shall permit any employee, whether member or non-member, to exercise discretion in the handling of any transaction for a customer for execution on this Exchange, unless prior written authorization for the exercise of such

discretion has been received. A discretionary order is defined as an order that lacks any of the following elements: the commodity, year and delivery month of the contract, number of contracts, and whether the order is to buy or sell.

All partners of a registered partnership, all managers and members of a registered limited liability company and all officers of a registered corporation, shall be considered employees of their firm or corporation for purposes of these discretionary rules and regulations. 151 (04/01/98)

423.01 Discretionary Accounts - It shall be a violation of this regulation for any member or registered eligible business organization

1. To accept or carry an account over which the member or employee thereof exercises trading authority or control for another person in whose name the account is carried, without-
  - a. obtaining a signed copy of the Power of Attorney, trading authorization, or other document by which such trading authority or control is given;
  - b. sending direct to the person in whose name the account is carried a written confirmation of each trade as provided in Rule 421.00 and a monthly statement showing the exact position of the account, including all open trades figured to the market; and
  - c. reflecting the discretionary nature of the account on all statements sent to the account owner.
2. To accept or carry an account over which any third party individual or organization other than the person in whose name the account is carried exercises trading authority or control, without -
  - a. obtaining a signed copy of the Power of Attorney, trading authorization, or other document by which such trading authority or control is given; and
  - b. obtaining a written acknowledgment from the person in whose name the account is carried that he has received a copy of the account controller's disclosure document, prepared pursuant to CFTC Regulation 4.31, or a written statement explaining why the account controller is not required to provide a disclosure document to the customer.

(The above acknowledgement of paragraph b. need not be obtained (i) when the person in whose name the account is carried and the individual given trading authority or control are of the same family; or (ii) when the person given trading authority or control is (A) a member, (B) an officer, partner, member, manager or managerial employee of the eligible business organization carrying the account; (C) a bank or trust company organized under federal or state laws or (D) an insurance company regulated under the laws of any state; or (iii) when the account is carried in the name of (A) an employee benefit plan subject to ERISA or organized under the laws of any state (B) an investment company registered under the Investment Company Act of 1940, (C) a bank or trust company organized under federal or state law, (D) an insurance company regulated under the laws of any state; or (E) an exempt organization, as defined in section 501 (c) (3) of the Internal Revenue Code, with net assets of more than \$100 million.)

3. To accept or carry the account of a non-member who has given trading authority to a member unless the member carrying the account requires that all orders entered for the account be executed by an individual or individuals other than the member to whom such trading authority is given. This requirement shall not apply where the non-member customer and the member having such trading authority are of the same family. This Regulation shall only apply to open outcry Regular and open outcry Night Trading Hours.
4. For purposes of this Regulation, a person does not exercise trading authority or control if the person in whose name the account is carried or the account controller specifies (1) the precise commodity interest to be purchased or sold, and (2) the exact amount of the commodity interest to be purchased or sold. Provided the foregoing provisions are met, the provisions of this Regulation shall not apply to discretion as to the price at which or the time when an order shall be executed.

The provisions of this Regulation relate only to transactions executed on this Exchange. 1990 (04/01/98)

423.01B Discretionary Trading - The increasing utilization of trading by programmed recommendations, whether by computer, charts or by any means, has brought several questions to the

Rules Committee regarding discretion. These methods tend to create situations requiring the use of discretion and the Rules Committee recommends that member firms treat all such accounts as discretionary accounts unless the member can be certain that the customer(s) has given specific instructions, including price limits and any subsequent price changes relative to orders placed in connection with such trading.

In connection with the above, your attention is called to Rule 423.00 and Regulations 423.01 through 423.03 all having to do with the handling of discretionary accounts. 41R (08/01/94)

423.02 Presumption That Trades Are Pursuant to Discretionary Authority - Every trade in an account over which any individual or organization other than the person in whose name the account is carried exercises trading authority or control shall be rebuttably presumed to have been made pursuant to such trading authority or control. The Power of Attorney, trading authorization or other document by which any individual or organization other than the person in whose name an account is carried exercises trading authority or control over such account can be terminated only by a written revocation signed by the person in whose name the account is carried; by the death of the person in whose name the account is carried; or, where the individual or organization that exercises authority or control over the account is the member carrying the account or an employee thereof, by written notification from the member to the person in whose name the account is held that such member will no longer act pursuant to such trading authorization as of the date provided in the notice. 1991 (08/01/94)

423.03 Supervision of Discretionary Trading by Employees - A Power of Attorney or trading authorization signed by the customer and naming the employee to whom trading authority is given will be considered written authorization of the customer with respect to any discretionary transaction handled by such employee pursuant to such Power of Attorney or trading authorization.

Each account with respect to which an employee has discretionary authority must be given daily supervision by the employer, or by a partner or officer or such other person designated as a compliance officer if the employer is an eligible business organization, to see that trading in such account is not excessive in size or frequency in relation to financial resources in that account. The provisions of this paragraph shall not apply where only one employee of an eligible business organization member firm has discretionary authority if that individual is also the only principal who supervises futures trading activity.

No employee who has not been registered for a minimum of two continuous years as an Associated Person (AP) under CFTC Regulations may exercise the discretion permitted by Rule 423.00. The foregoing requirement may be waived in particular cases by the Business Conduct Committee upon a showing by the applicant of experience equivalent to such a two-year registration. 1992 (04/01/98)

423.04 Customer Orders During Concurrent Sessions - For orders involving concurrently traded contracts, the customer will designate whether the order is to be executed in the open outcry market or on e-cbot. (09/01/00)

Ch4 Position Limits and Reportable Positions

425.01 Position Limits -

- (a) For the purposes of this Regulation, the following are definitions of titles used in position limit chart-

Spot Month - Spot month futures-equivalent position limit net long or net short effective at the start of trading on the first business day prior to the first trading day of the spot month.

Single Month - Futures-equivalent position limit net long or net short in any one month other than the spot month.

All Months - Position limit net long or net short in all months and all strike prices combined. Note: Long futures contracts, long call options, and short put options are considered to be on the long side of the market while short futures contracts, long put options, and short call options are considered to be on the short side of the market. For each commodity, the futures-equivalents for both the options and futures contracts are aggregated to determine compliance with the net long or net short same side position limits.

Reportable Futures Level - Reportable futures position in any one month.

Reportable Options Level - Reportable options position in any one month in each option category. Note: Option categories are long call, long put, short call, and short put.

Net Equivalent Futures Position - Each option contract has been adjusted by the prior day's risk factor, or delta coefficient, for that option which has been calculated by the Board of Trade Clearing Corporation.

For the purpose of this Regulation:

- (i) An option contract's futures-equivalency shall be based on the prior day's delta factor for the option series, as published by the Board of Trade Clearing Corporation. For example, 8 long put contracts, each with a delta factor of 0.5, would equal 4 futures-equivalent short contracts.
- (ii) Long futures contracts shall have a delta factor of +1, and short futures contracts shall have a delta factor of -1.
- (iii) Long call options and short put options shall have positive delta factors.
- (iv) Short call options and long put options shall have negative delta factors.
- (v) An eligible option/option or option/futures spread is defined as an intra-month or inter-month position in the same Chicago Board of Trade commodity in which the sum of the delta factors is zero.

(b) Except as provided in Regulations 425.03, 425.04 and 425.05, the maximum positions which any person may own, control, or carry are as follows:

(Note: All position limits and reportable positions are in number of contracts and are based on futures or \*Net Equivalent Futures Positions.

\*Please see section (a) of this Regulation for definition.

CONTRACT	*SPOT MONTH	*SINGLE MONTH	*ALL MONTH	*REPORTABLE FUTURES LEVEL	*REPORTABLE OPTIONS LEVEL
Long Term Fannie Mae(R) Benchmark Notes/sm/ and Freddie Mac Reference Notes/sm/	5,000	None	5,000	100	100
Medium Term Fannie Mae(R) Benchmark Notes/sm/ and Freddie Mac Reference Notes/sm/	5,000	None	5,000	100	100
10-Year Interest Rate Swap	None	None	None	500	500
5-Year Interest Rate Swap	None	None	None	500	500
CBOT X-Fund	5,000	5,000	5,000	25	
CBOT Dow Jones Industrial Average/sm/ Index	None	None	50,000 (aggregate DJIA/sm/ limit, see #9)	100	100
CBOT mini-sized Dow/sm/ (\$5 multiplier)	None	None	50,000 (aggregate DJIA/sm/ limit, see #9)	100	
CBOT Dow Jones - AIG Commodity Index(SM)	None	None	15,000	25	
CBOT mini-sized N.Y. Silver	1,500	1,500	3,000	750	
CBOT mini-sized N.Y. Gold	4,000	4,000	6,000	600	
U.S. Treasury Bonds	None	None	None	1,000	1,000
mini-sized U.S. Treasury Bonds	None	None	None	1,000	
U.S. Treasury Notes (5 yr.)	None	None	None	800	800
U.S. Treasury Notes (6 1/2-10 yr.)	None	None	None	1,000	1,000
mini-sized U.S. Treasury Notes (6 1/2-10 yr.)	None	None	None	1,000	
U.S. Treasury Notes (2 yr.)	5,000	None	5,000	500	500
30 Day Fed Fund	None	None	None	300	
10. Year Municipal Note Index	5,000	None	5,000	100	
mini-sized Eurodollars	10,000	10,000	10,000	400	
Corn	600	5,500 (see #1)	9,000 (see #1, 3)	150	150
Soybeans	600	3,500 (see #1)	5,500 (see #1, 4)	100	100
Wheat	600 (see #8)	3,000 (see #1)	4,000 (see #1, 7)	100	100
Oats	600	1,000 (see #1)	1,500 (see #1, 6)	60	60
Rough Rice	250 (see #5)	500	750 (see #2)	50	50
Soybean Oil	540	3,000 (see #1,7)	4,000 (see #1,7)	200	200
Soybean Meal	720	3,000 (see #1,7)	4,000 (see #1,7)	200	200

#1 Additional futures contracts may be held outside of the spot month as part of futures/futures spreads within a crop year provided that the total of such positions, when combined with outright positions, do not exceed the all months combined limit. In addition, a person may own or control additional options in

excess of the futures-equivalent limits provided that those option contracts in excess of the futures-equivalent limits are part of an eligible option/futures spread.

#2 No more than 500 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/options or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.

#3 No more than 5,500 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.

#4 No more than 3,500 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.

#5 On and after the first notice day of the expiring futures months of July, the limit for the July futures month will be reduced to 200 contracts, for both hedging and speculative positions.

#6 No more than 1,000 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures/equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.

#7 No more than 3,000 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures-equivalents for both the options and futures contracts are aggregate to determine compliance with these net same side single month limits.

#8 In the last five trading days of the expiring futures month, the speculative position limit for the March futures month will be 350 contracts and for the May futures month the limit will be 220 contracts.

#9 The aggregate position limit in CBOT mini-sized Dow/sm/ (\$5 multiplier) futures and CBOT DJIA/sm/ futures and options is 50,000 DJIA/sm/ contracts, net long or net short in all contract months combined. For the purposes of these regulations, one mini-sized Dow/sm/ (\$5 multiplier) contract shall be deemed to be equivalent to one-half of a DJIA/sm/ futures contract.

Except for the interest of a limited partner or shareholder (other than the commodity pool operator) in a commodity pool, ownership, including a 10% or more financial ownership interest, shall constitute control over an account except as provided in Regulation 425.05.

The maximum positions which any person, as defined in Regulation 425.01 (c), may own or control shall be as set forth herein. However, with respect to the maximum positions which a member firm may carry for its customers, it shall not be a violation of the limits set forth herein to carry customer positions in excess of such limits for such reasonable period of time as the firm may require to discover and liquidate the excess positions or file the appropriate hedge or exemption statements for the customer accounts in question in accordance with Regulations 425.03 and 425.04. For the purposes of this regulation, a "reasonable period of time" shall generally not exceed one business day for those positions that are not subject to the provisions of Regulations 425.03 and 425.04.

However, for any option position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.

Note: The Commodity Futures Trading Commission has imposed speculative position limits on Corn, Oats, Soybean, Wheat, Soybean Oil and Soybean Meal futures contracts as provided in Part 150 of CFTC Regulations.

(c) The term "net" shall mean the long or short position held after offsetting long futures positions against short futures positions. The word "person" shall include individuals, associations, partnerships, limited liability companies, corporations and trusts.

- (d) The foregoing limits on positions shall not apply to bona fide hedging positions which meet the requirements of Regulations 425.02 and 425.03, nor to positions subject to particular limits granted pursuant to Regulation 425.04.
- (e) The Board, or a Committee authorized by the Board may direct any member or registered eligible business organization owning, controlling or carrying a position for a person whose total position as defined in subsection (f) below exceeds the position limits as set forth in subsection (b) above or as specifically determined pursuant to Regulations 425.03 or 425.04 to liquidate or otherwise reduce the position.
- (f) In determining whether any person has exceeded the position limits specified in subsection (b) of this Regulation or those limits determined pursuant to Regulations 425.03 or 425.04, or whether a position is a reportable position as set forth in subsections (b) and (g) herein, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly controls trading, except as provided in Regulation 425.05, shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.
- (g) If a person owns, controls or carries a position equal to or greater than the number of contracts specified in subsection (b) above long or short in any one month, then all such futures and options on such futures contract owned, controlled or carried by that person, whether above the given level or not, shall necessarily be deemed reportable positions. Every member or registered eligible business organization shall report each and every reportable position to the Office of Investigations and Audits at such times and in such form and manner as shall be prescribed by the Business Conduct Committee.
  - (1) On or before the first day on which any position must be reported as provided above, the member or registered eligible business organization carrying the position must furnish to the Office of Investigations and Audits a report, in the form, manner and content prescribed by the Business Conduct Committee, identifying the owner of the account for which the position must be reported and all persons associated with the account as described in subsection (f) above.
  - (2) Every member or registered eligible business organization must report each and every reportable position and provide the report required in subsection (1) above for each person within any account carried on an omnibus basis, unless, upon application of the member or registered eligible business organization to the Business Conduct Committee, the nonmember omnibus account specifically is approved to report directly to the Office of Investigations and Audits. (01/01/03)



425.02 Bona Fide Hedging Positions -

(a) General Definition. Bona fide or economically appropriate hedging positions in futures or options shall mean positions in a contract or positions in options on a contract for future delivery on this Exchange, where such positions normally represent a substitute for positions to be taken at a later time in a physical marketing channel, and where they are economically appropriate to the reduction of risks in the conduct and management of a commercial enterprise, and where they arise from:

- (1) The potential change in the value of assets which a person owns, refines or merchandises or anticipates owning, refining or merchandising,
- (2) The potential change in the value of liabilities which a person owes or anticipates incurring, or
- (3) The potential change in the value of services which a person provides, purchases or anticipates providing or purchasing.

Notwithstanding the foregoing, no positions of a person shall be classified as bona fide hedging unless their purpose is to offset price risks incidental to that person's commercial cash or spot operations and such positions are established and liquidated in an orderly manner in accordance with sound commercial practices and unless the provisions of Regulation 425.03 have been satisfied.

(b) Enumerated Hedging Positions. For purposes of Regulation 425.03, the definition of bona fide or economically appropriate hedging positions in subsection (a) above includes, but is not limited to, the following specific positions:

- (1) Sales of any commodity for future delivery, purchases of any put options on futures contracts and/or sales of any call options on futures contracts, which do not exceed in quantity:
  - (i) Ownership of the same cash commodity by the same person, and
  - (ii) Fixed-price purchases of the same cash commodity by the same person.

- (2) Purchases of any commodity for future delivery, sales of any put options on futures contracts and/or purchases of any call options on futures contracts, which do not exceed in quantity:
  - (i) Fixed-price sales of the same cash commodity by the same person; and
  - (ii) The quantity equivalent of fixed-price sales of the cash products and derivative products of such commodity by the same person.
- (3) Sales and purchases of commodities for future delivery or of options on contracts for future delivery described in subsections (b)(1) and (b)(2) may also be offset by the same or other quantities of a different cash commodity, provided that the fluctuations in the value of the position for future delivery or of the commodity underlying the option contract are substantially related to the fluctuations in the value of the actual cash position.

(c) Non-Enumerated Hedging Positions. The Board, or a Committee authorized by the Board, may recognize positions other than those enumerated in subsection (b) as bona fide or economically appropriate hedging positions, in accordance with the general definition of bona fide or economically appropriate hedging positions in Regulation 425.02(a), upon the filing of a satisfactory initial statement in accordance with Regulation 425.03. Such positions may include:

- (1) Short-hedging positions (including long put options or short call options) of unsold anticipated positions in the same cash commodity by the same person;
- (2) Long-hedging positions (including long call options or short put options) of unfilled anticipated requirements of the same cash commodity by the same person;
- (3) Short or long cross-hedging positions, provided that the fluctuations in the value of the positions for future delivery or the commodity underlying the options positions are substantially related to the fluctuations in the value of the anticipated cash positions; or
- (4) Any other positions in commodities for future delivery or options on futures contracts, including those established under the concept of "delta-ratio hedging", under such terms and conditions as the Board, or a Committee authorized by the Board, may specify.

(d) Cash positions described in subsections (b) and (c) above shall not include those positions or portions of positions which are bona fide hedging positions in futures or economically appropriate hedging positions in options pursuant to Regulations 425.02 and 425.03.

Note: Corn, Oats, Soybean, Soybean Oil, Soybean Meal and Wheat futures contracts are subject to Commodity Futures Trading Commission Regulation 1.3(z), which defines bona fide hedging transactions and positions.  
(10/01/00)

#### 425.03 Reporting Requirements For Bona Fide or Economically Appropriate Hedging Positions in Excess of Limits -

- (a) Initial Statement. Every member or registered eligible business organization which owns, controls, or carries positions on behalf of a person who seeks classification of such positions as bona fide or economically appropriate hedging positions must file a statement satisfactory to designated staff or a Committee authorized by the Board in order to classify such positions as bona fide or economically appropriate hedging positions within the meaning of Regulation 425.02. The initial statement of the member or registered eligible business organization filed on behalf of a person shall be filed no later than 10 business days after the day on which the person's position exceeds the speculative limit for each contract specified in Regulation 425.01 (a), and shall include:
- (1) A description of the kinds of intended positions and their potential size;
  - (2) A statement affirming that the kinds of intended positions are bona fide or economically appropriate hedging positions; and
  - (3) With respect to the kinds of intended positions that are described as non-enumerated hedging positions under Regulation 425.02(c), a justification that the kinds of intended positions are consistent with the definition of bona fide or economically appropriate hedging positions within the meaning of Regulation 425.02(a).

- (b) Supplemental Statements. Whenever there is a material change in the information provided in the person's most recent statement pursuant to this Regulation, a supplemental statement which updates and confirms previous information shall be filed with designated staff or a Committee authorized by the Board by every member or registered eligible business organization owning, controlling or carrying such person's position. The supplemental statement shall be filed no later than 10 business days after the day on which the person's position exceeds the level specified in the most recent statement.
- (c) A Committee or designated staff authorized by the Board will monitor bona fide or economically appropriate hedging positions. The initial and supplemental statements prescribed in subsections (a) and (b) above must be submitted to the Office of Investigations and Audits and shall be maintained on a confidential basis. The Board, or a Committee or designated staff authorized by the Board may request additional relevant information necessary to ensure compliance with this Regulation 425.03. (10/01/00)

#### 425.04 Exemptions From Position Limits -

- (a) The Board, or a Committee authorized by the Board, may establish particular position limits on those positions of a person normally known as "spreads, straddles or arbitrage," including:
- (1) intramarket spreads;
  - (2) intermarket spreads;
  - (3) cash-futures arbitrage, where "cash" is defined as spot or forward positions; or
  - (4) eligible option/option or option/futures spreads as defined in Regulation 425.01.

In addition, the Board or a Committee authorized by the Board, may establish, on a case by case basis, particular maximum position limits on certain risk management positions in interest rate, stock index and currency futures and options, including:

- (1) Long positions (futures, long calls, short puts) whose underlying commodity value does not exceed the sum of:
  - (i) Cash set aside in an identifiable manner, or any of the following unencumbered instruments so set aside, with maturities of less than 1 year: U.S. Treasury obligations; U.S. agency discount notes; commercial paper rated A2 or better by Standard & Poors and P2 or better by Moody's; banker's acceptances; or certificates of deposit, plus any funds deposited as margin on such positions; and
  - (ii) Accrued profits on such positions held at the futures commission merchant.
- (2) Long positions (futures, long calls) whose underlying commodity value does not exceed the sum of:
  - (i) The value of equity securities, debt securities, or currencies owned and being hedged by the trader holding such futures or option position, provided that the fluctuations in value of the position used to hedge such securities are substantially related to the fluctuations in value of the securities themselves; and
  - (ii) Accrued profits on such positions held at the futures commission merchant.
- (3) Short calls whose underlying commodity value does not exceed the sum of:
  - (i) The value of securities or currencies underlying the futures contract upon which the option is based or underlying the futures contract upon which the option is based or underlying the option itself and which securities or currencies are owned by the trader holding such option position; and
  - (ii) The value of securities or currencies whose price fluctuations are substantially related to the price fluctuations of the securities or currencies underlying the futures contract upon which the option is based or underlying the option itself and which securities or currencies are owned by the trader holding such option position.

Risk management positions eligible for particular position limits under this Regulation do not include

those considered as bona fide or economically appropriate hedging positions as defined in Regulation 425.02.

(b) Requirements for Exemptions from Position Limits. Every member or registered eligible business organization which owns, controls or carries positions on behalf of a person who wishes to make purchases or sales of any commodity for future delivery or any option on a contract for future delivery in excess of the position limits then in effect, shall file statements on behalf of the person with the Exchange, in such form and manner as shall be prescribed by the Board, or by a Committee authorized by the Board, in conformity with the requirements of this subsection.

(1) Initial Statement. Initial statements concerning the classification of positions normally known in the trade as "spreads, straddles or arbitrage," or risk management positions, as described in subsection (a) above, for the purpose of subjecting such positions to particular position limits above those specified in Regulation 425.01 (a), shall be filed with designated staff or Committee authorized by the Board no later than 10 business days after the day on which such positions exceed the position limits then in effect. Such statements shall include information necessary to enable the Board, or a Committee authorized by the Board, to make a determination that the particular kinds of intended positions should be eligible for a higher position limit, including, but not limited to:

(i) A description of the specific nature and size of positions for future delivery or in options on contracts for future delivery and offsetting cash, forward or futures positions, where applicable, and affirmation that intended positions to be maintained in excess of the limits set forth in Regulation 425.01 (a) will be positions as set forth in subsection (a) above; and

(ii) In the case of risk management positions, information on the cash portfolio being managed and/or any cash or cash market instruments held in connection with the intended risk management position, as well as other information relevant to the conditions specified in subsection (a) above. Of particular interest are whether the cash market underlying the futures or option market has a high degree of demonstrated liquidity relative to the size of the positions, and whether there exist opportunities for arbitrage which provide a close linkage between the cash market and the futures or options market in question; and whether the positions are on behalf of a commercial entity, including parents, subsidiaries or other related entities, which typically buys, sells or holds the underlying or a related cash market instrument.

(2) Supplemental Statements. Whenever there is a material change in the information provided in the person's most recent statement pursuant to this Regulation, a supplemental statement which updates and confirms previous information shall be filed with designated staff or a Committee authorized by the Board by every member or registered eligible business organization owning, controlling or carrying such person's position. The supplemental statement shall be filed no later than 10 business days after the day on which the person's position exceeds the level specified in the most recent statement.

(c) A Committee or designated staff authorized by the Board will monitor the positions maintained by persons who have obtained particular position limits under the provisions of this Regulation. The initial and supplemental statements prescribed in subsections (b) (1) and (b) (2) above must be submitted to the Office of Investigations and Audits and shall be maintained on a confidential basis. The Board, or a Committee or designated staff authorized by the Board, may request additional relevant information necessary to ensure compliance with this Regulation 425.04, and may, for any good reason, amend, revoke or otherwise limit the particular position limits established.

(d) The provisions of this Regulation 425.04 shall not apply to Corn, Oats, Soybean, Wheat, Soybean Oil and Soybean Meal futures and options contracts traded on the Exchange. (10/01/00)

#### 425.05 Exemption from Aggregation for Position Limit Purposes -

(a). Positions carried for an eligible entity as defined in Commodity Futures Trading Commission Regulation 150.1(d), in a separate account or accounts of an independent account controller, as

defined in Commodity Futures Trading Commission Regulation 150.1(e) may exceed the position limits set forth in Regulation 425.01 to the extent such positions are positions not for the spot month and which are carried for an eligible entity as defined by Commodity Futures Trading Commission Regulation 150.1 or such other persons as the Commission deems exempt pursuant to Regulation 150.3, in the separate account or accounts of an independent account controller provided however, that the overall positions held or controlled by each such independent account controller may not exceed the limits specified in Regulation 425.01.

- (b) Additional Requirements for Exemption of Affiliated Entities - If the independent account controller is affiliated with the eligible entity or another independent account controller, each of the affiliated entities must:
- 1) Have and enforce, written procedures in place to preclude such account controllers from having knowledge of, gaining access to, or receiving data about, trades of other account controllers. Such procedures must include document routing, and other procedures or security arrangements, including separate physical locations, which would maintain the independence of their activities provided, however, that such procedures may provide for the disclosure of information which is reasonably necessary for an eligible entity to maintain the level of control consistent with the fiduciary responsibilities and necessary to fulfill its duty to supervise diligently the trading done on its behalf;
  - 2) Trade such accounts pursuant to separately developed and independent trading systems and market such trading systems separately; and
  - 3) Solicit funds for such trading by separate Disclosure Documents that meet the standards of Commodity Futures Trading Commission Regulation 4.21.
- (c) Upon request by the Board or a Committee authorized by the Board or such person responsible for the supervision of the Office of Investigations and Audits, any person claiming an exemption from speculative position limits under this Regulation must provide to the Exchange such information as specified in the request relating to the positions owned or controlled by that person; trading done pursuant to the claimed exemption; the futures, options, or cash market positions which support the claim of the exemption; and the relevant business relationships supporting a claim of exemption.  
(10/01/00)

425.06 Position Accountability for U.S. Treasury Bonds - A person as defined in Regulation 425.01(c), who owns or controls an aggregate position in U.S. Treasury Bond futures and mini-sized U.S. Treasury Bond futures of more than 10,000 U.S. Treasury Bond futures contracts, and/or futures-equivalent contracts net long or net short in all months and strike prices combined, or net long or net short futures contracts in the spot month, or 25,000 option contracts for all months and all strike prices combined in each option category as defined in Regulation 425.01 (a) shall thereby be subject to the following provisions:

- - Such person shall provide, in a timely manner upon request by the Association, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- - Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the Association. (10/01/01)

425.07 Position Accountability for Long-Term and Medium-Term Treasury Notes - A person as defined in Regulation 425.01(c), who owns or controls an aggregate position in Long-Term Treasury Note futures and/or futures-equivalent contracts or more than 7,500 Medium-Term Treasury Note futures and mini-sized Long-Term U.S. Treasury Note futures of more than 7,500 Long-Term Treasury Note futures contracts, and/or futures-equivalent contracts, net long or net short in all months and strike prices combined, or net long or

net short futures contracts in the spot month, or 20,000 option contracts for all months and all strike prices combined in each option category as defined in Regulation 425.01 (a) shall thereby be subject to the following provisions:

- - Such person shall provide, in a timely manner upon request by the Association, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- - Such person automatically shall consent, when so ordered by the Association acting in its discretion, not to increase further the position in Long-Term Treasury Notes mini-sized Long-Term U.S. Treasury Notes, or Medium-Term Treasury Notes which exceeds the above-referenced 7,500 futures and/or futures-equivalent contracts or 20,000 option contracts level.
- - Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the Association. (10/01/01)

425.08 Position Accountability for 30-Day Fed Funds Futures - A person as defined in Regulation 425.01(b), who owns or controls more than 3,000 30-Day Fed Fund futures contracts, net long or net short in all months combined, or net long or net short in the spot month, shall thereby be subject to the following provisions:

- Such person shall provide, in a timely manner upon request by the Association, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- Such person automatically shall consent, when so ordered by the Association acting in its discretion, not to increase further the position in 30-Day Fed Fund futures contracts which exceeds the above-referenced 3,000 contract level.
- Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the Association. (04/01/96)

425.09 Position Accountability for mini-sized U.S. Treasury Bonds- A person as defined in Regulation 425.01(c), who owns or controls an aggregate position in mini-sized U.S. Treasury Bond futures and U.S. Treasury Bond futures of more than 20,000 mini-sized U.S. Treasury Bond futures, and/or futures-equivalent contracts net long or net short in all months combined, or net long or net short futures contracts in the spot month as defined in Regulation 425.01(a) shall thereby be subject to the following provisions:

- Such person shall provide, in a timely manner upon request by the Association, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the Association. (10/01/01)

425.10 Position Accountability for mini-sized Long-Term U.S. Treasury Notes- A person as defined in Regulation 425.01(c), who owns or controls an aggregate position in mini-sized Long-Term U.S. Treasury Note futures and Long-Term Treasury Note futures of more than 15,000 mini-sized Long-Term U.S. Treasury Note futures and/or futures-equivalent contracts, net long or net short in all months combined, or net long or net short futures contracts in the spot month as defined in Regulation 425.01(a) shall thereby be subject to the following provisions:

- Such person shall provide, in a timely manner upon request by the Association, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- Such person automatically shall consent, when so ordered by the Association acting in its discretion, not to increase further the position in mini-sized Long Term U.S. Treasury Notes, which exceeds the above-referenced 15,000 futures and/or futures-equivalent contracts.
- Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person,

by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person. (10/01/01)

425.11 Position Accountability in CBOT(R) 10-Year Municipal Note Index Futures- In conjunction with Regulation 425.01, a person as defined in Regulation 425.01(c), who owns or controls an aggregate position in CBOT(R) 10-Year Municipal Note Index futures shall thereby be subject to the following provisions:

- - Such person shall provide, in a timely manner upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- - Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person. (11/01/02)

425.12 Position Accountability in CBOT(R) 10-Year Interest Rate Swap Contracts- A person as defined in Regulation 425.01(c), who owns or controls more than 5,000 CBOT(R) 10-year Interest Rate Swap futures and/or futures-equivalent contracts, net long or net short in all months and strike prices combined, or net long or net short futures in the spot month, or 15,000 options for all months and strike prices combined in each option category as defined in Regulation 425.01 (a), shall thereby be subject to the following provisions:

- - Such person shall provide, in a timely manner upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- - Such person automatically shall consent, when so ordered by the Association acting in its discretion, not to increase further the position in CBOT(R) 10-Year Interest Rate Swap contracts that exceeds the above-referenced levels of 5,000 futures or futures-equivalent contracts or 15,000 options.
- - Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person. Nothing herein shall limit the jurisdiction of the Association. (12/01/02)

425.13 Position Accountability in CBOT(R) 5-Year Interest Rate Swap Contracts- A person as defined in Regulation 425.01(c), who owns or controls more than 5,000 CBOT(R) 5-year Interest Rate Swap futures and/or futures-equivalent contracts, net long or net short in all months and strike prices combined, or net long or net short futures in the spot month, or 15,000 options for all months and strike prices combined in each option category as defined in Regulation 425.01 (a), shall thereby be subject to the following provisions:

- - Such person shall provide, in a timely manner upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- - Such person automatically shall consent, when so ordered by the Association acting in its discretion, not to increase further the position in CBOT(R) 5-Year Interest Rate Swap contracts that exceeds the above-referenced contract levels, of 5,000 futures or futures-equivalent contracts or 15,000 options.
- - Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person. Nothing herein shall limit the jurisdiction of the Association. (12/01/02)

## Ch4 Margins and Deposits

430.00 Deposits by Customers - A member acting as commission merchant for a customer (member or non-member) may require from such customer a deposit, as indemnity against liability, and subsequent deposits to the extent of any adverse fluctuations in the market price. Such deposits must be made with the commission merchant within a reasonable time after demand, and, in the absence of unusual circumstances, one hour shall be deemed a reasonable time. The failure of the customer to make such deposit within such time, shall entitle, but shall not obligate, the commission merchant to close out the trades of the defaulting customer. If the commission merchant is unable to effect personal contact with the customer, a written demand left at the office of the customer, during business hours, shall be deemed sufficient. 209 (08/01/94)

431.00 Margins - No member may accept or carry an account for a customer, whether a member or non-member, without proper and adequate margin. The Exchange shall fix minimum margin requirements.

The provisions of the foregoing paragraph do not apply to a non-clearing member who makes his own trades or who on the Floor gives his orders for trades which are exclusively for his own account and pays the brokerage thereon. 210 (08/01/94)

431.00A Permit Holder Interpretation - The term 'non-clearing member' in paragraph 2 of Rule 431.00 should be interpreted to include Permit Holders. (08/01/94)

431.01 Margins - Non-Clearing Members - A non-clearing member who makes his own futures trades or who on the Floor gives his orders for futures trades which are exclusively for his account shall be subject solely to the provisions of this Regulation. All futures transactions in such account shall be margined to the market. 1822B (08/01/94)

431.02 Margin Requirements - Margin requirements shall at all times be those requirements currently in effect. Changes in margin requirements shall be effective on all transactions.

1. Transferred to Regulations 431.03 and 431.05.

2. Clearing members may carry contracts for future delivery for foreign and domestic correspondents on a gross margin basis as provided in Paragraph 3 of Regulation 431.03, but only to the extent that such contracts are those of customers and non-customers of the foreign and domestic correspondents.

3. If stocks, bonds or similar collateral, which must be free from liens and from any impediments to negotiability, are deposited with a member specifically to secure transactions which are executed on this Exchange, the current market value less the applicable haircut as specified in SEC Rule 15c3-1(c)(2)(vi) may be considered as margin value to such transactions.

A registered futures commission merchant shall not accept as margin, pledge, hypothecate, assign or factor any customer owned warehouse receipt other than a warehouse receipt that is eligible for delivery in satisfaction of futures contracts at a contract market.

4. Foreign currencies or foreign government securities which are deposited with a member for margin purposes must be reported at the current rate of exchange to the dollar equivalent. The margin value will be determined by Regulation 431.02 paragraph 3.

5. In computing minimum margin requirements for any customer equities or impairment resulting from change in market prices shall be regarded as money equivalents.

6. No member shall extend any credit or give any rebate or gratuity of any kind to any person for the purpose of circumventing or evading minimum margin requirements.

7. It shall be incumbent upon each member to require satisfactory evidence that all hedging trades are bona fide hedging trades. A letter from a customer so stating will be considered "satisfactory evidence" under this paragraph unless there is reason to suspect otherwise.

8. An account shall be entitled to spread margins, whenever said account is in a spread position. The carrying member shall designate spread position on his margin records.



9. When a correspondent member's account with the Clearing House member consists of trades which are spreading trades, such account may be carried as a spreading account by the clearing member.
10. It shall be incumbent upon each member financing purchases of cash grain for country elevator customers to require satisfactory evidence that funds so loaned are not used to margin future contracts other than for the purpose of hedging cash grain.

When a customer states that funds required to fully margin his account are being transmitted at once, the member may consider this assurance in lieu of cash for a reasonable period. Members are required to keep written records of all margin calls, whether made in writing or by telephone.

11. Members shall not accept orders for new trades from a customer, unless the minimum initial margin on the new trades is deposited and unless the margin on old commitments in the account equals or exceeds the initial requirements on hedging and spreading trades and/or the maintenance requirements specified in Regulations 431.03 and 431.05 on all other trades. If the customer has a credit in excess of the initial margin requirements on all old commitments in his account, this may be used as part or all of the initial margins required on new commitments. However, credits in excess of maintenance margins and less than initial margin requirements may not be used.
12. No customer shall be permitted to make withdrawals from an account when the margin therein is less than the minimum initial margin specified in Regulations 431.03 and 431.05 or when the withdrawals would impair such minimum requirements.
13. No member may carry for a customer spreading transactions when the customer's account, figured to the market, would result in a deficit. Minimum maintenance margins required on other transactions are specified in Regulations 431.03 and 431.05. When a customer's account drops below the maintenance margin level, the account must be brought back to initial margin requirements. The failure of a member to close the customer's account before it results in such deficit or undermargined condition shall not relieve the customer of any liability to the member, nor shall such failure on the part of a member amount to an extension of credit to the customer if the member in the exercise of reasonable care has been unable to close the account without incurring such deficit or undermargined condition.
14. A member may use his discretion in permitting a customer having an established account to trade during any day without margining each transaction, provided the net position resulting from the day's trading is margined as required by Rules 286.00, 431.00 and Regulations 431.02, 431.03 and 431.05.
15. When a customer switches an open interest in the same grain from one future to another and the orders for the purchase and sale are placed simultaneously, no additional margins need be required by his commission merchant because of such switch. However, if such orders are not placed simultaneously, the new position should be margined on the basis of minimum initial margin requirements.
16. A bona fide hedger, in financial instruments, reporting positions on a gross basis pursuant to Regulation 705.01, must pay appropriate margins on the gross positions reported during the delivery month. 1822 (08/01/94)

431.02A Hedging Transactions - WHEREAS, Regulation 431.02(7) makes it incumbent "upon each member to require satisfactory evidence that all hedging trades are bona fide hedging trades," and

WHEREAS, Regulation 431.02(7) further states that "a letter from a customer so stating will be considered 'satisfactory evidence' unless there is reason to suspect otherwise;"

NOW THEREFORE, BE IT RESOLVED that whenever a non-member customer of a member or member firm carries in its hedging account an open position in any Board of Trade futures contract exceeding speculative position limits established by the Association, it shall be incumbent upon the member or member firm to satisfy itself, and to be able to confirm to the Business Conduct Committee that the open position of such non-member customer, to the extent that it exceeds such speculative position limits, represents bona fide hedging transactions.

BE IT FURTHER RESOLVED that this resolution be published as a Ruling of the Association. 42R (08/01/94)

431.03 Margin on Futures - (01/01/03)

(1) MAINTENANCE AND INITIAL MARGINS. Other than Hedging or Spreading. Under the provisions of Rule 431.00, the Exchange hereby fixes the following minimum maintenance and initial margins for futures transactions, other than hedging and spreading transactions:

	Maintenance Margin	Initial Margin Mark-Up Percentage	Initial Margin
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Agricultural Group			
-----			
Corn	\$ 400 per contract	135%	\$ 540
Oats	\$ 500 per contract	135%	\$ 675
Rough Rice	\$ 400 per contract	135%	\$ 540
Soybeans	\$ 850 per contract	135%	\$1,148
Soybean Meal	\$ 500 per contract	135%	\$ 675
Soybean Oil	\$ 500 per contract	135%	\$ 675
Wheat	\$ 850 per contract	135%	\$1,148
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Metals Group			
-----			
mini-sized N.Y. Gold	\$ 200 per contract	135%	\$ 270
mini-sized N.Y. Silver	\$ 150 per contract	135%	\$ 203
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Financial Instrument Group			
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Treasury Bonds	\$2,000 per contract	135%	\$2,700
mini-sized Treasury Bonds	\$1,000 per contract	135%	\$1,350
Treasury Note (6 1/2-10 year)	\$1,300 per contract	135%	\$1,755
mini-sized 10 Year Treasury Notes	\$ 650 per contract	135%	\$ 878
Treasury Note (5 year)	\$1,000 per contract	135%	\$1,350
Treasury Note (2 year)	\$ 900 per contract	135%	\$1,215
Agency Notes (10 year)	\$1,500 per contract	135%	\$2,025
Agency Notes (5 Year)	\$ 600 per contract	135%	\$ 810
10-Year Interest Rate Swap	\$1,500 per contract	135%	\$2,025
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5-Year Interest Rate Swap	\$1,000 per contract	135%	\$1,350
30-Day Fed Funds	\$ 400 per contract	135%	\$ 540
Municipal Note Index	\$1,400 per contract	135%	\$1,890
mini-sized Eurodollars	\$ 250 per contract	135%	\$ 338
X-Funds (set per contract/ as applicable)			
Stock Index Group			
DJIA(SM) Index	\$4,000 per contract	135%	\$5,400
mini-sized DJIA(SM) Index (\$5 mult.)	\$2,000 per contract	135%	\$2,700
Commodity Index Group			
CBOT Dow Jones - AIG(SM) Index	\$ 500 per contract	135%	\$ 675

(2) HEDGING MARGINS. Subject to the provisions of Paragraphs 8, 9,10 and 11 of Regulation 431.02, minimum initial and maintenance hedging margins on all commitments in futures shall be as follows:

	Maintenance Margin	Initial Margin Mark-Up Percentage	Initial Margin
Agricultural Group			
Corn	\$ 400 per contract	100%	\$ 400
Oats	\$ 500 per contract	100%	\$ 500
Rough Rice	\$ 400 per contract	100%	\$ 400
Soybeans	\$ 850 per contract	100%	\$ 850
Soybean Meal	\$ 500 per contract	100%	\$ 500
Soybean Oil	\$ 500 per contract	100%	\$ 500
Wheat	\$ 850 per contract	100%	\$ 850
Metals Group			
mini-sized N.Y. Gold	\$ 200 per contract	100%	\$ 200
mini-sized N.Y. Silver	\$ 150 per contract	100%	\$ 150
Financial Instrument Group			
Treasury Bonds	\$2,000 per contract	100%	\$2,000
mini-sized Treasury Bonds	\$1,000 per contract	100%	\$1,000
Treasury Note (6 1/2-10 year)	\$1,300 per contract	100%	\$1,300
mini-sized 10 Year Treasury Notes	\$ 650 per contract	100%	\$ 650
Treasury Note (5 year)	\$1,000 per contract	100%	\$1,000
Treasury Note (2 year)	\$ 900 per contract	100%	\$ 900
Agency Notes (10 year)	\$1,500 per contract	100%	\$1,500
Agency Notes (5 year)	\$ 600 per contract	100%	\$ 600

5-Year Interest Rate Swap	\$1,000 per contract	100%	\$1,000
10-Year Interest Rate Swap	\$1,500 per contract	100%	\$1,500
30-Day Fed Funds	\$ 400 per contract	100%	\$ 400
Municipal Note Index	\$1,400 per contract	100%	\$1,400
mini-sized Eurodollars	\$ 250 per contract	100%	\$ 250
X-Funds	(set per contract/ as applicable)		
Stock Index Group			
DJIA(SM) Index	\$4,000 per contract	100%	\$4,000
mini-sized DJIA(SM) Index (\$5 mult.)	\$2,000 per contract	100%	\$2,000
Commodity Index Group			
CBOT Dow Jones - AIG(SM) Index	\$ 500 per contract	100%	\$ 500

(3) SPREADING MARGINS. The minimum maintenance margin of spreading transactions shall be as follows:

Intra-market spreads (involving the same commodity) where both sides of the transaction are carried on the books of one member firm shall be margined to the market, except for the following commodities which will be margined as indicated:

Old Crop/New Crop:	Initial/Maintenance
Corn	\$ 135 / \$ 100
Soybeans	\$ 473 / \$ 350
Soybean Meal	\$ 405 / \$ 300
Soybean Oil	\$ 270 / \$ 200
Wheat	\$ 608 / \$ 450
Oats	\$ 270 / \$ 200

Inter-market spreads where both sides of the transaction are carried on the books of one member firm shall be as follows (See paragraph (1) for initial margin mark-up percentage):

Ratio	Spread	Spread Credit %
1:1	Soybeans vs. Soybean Oil	50%
1:1	Soybeans vs. Soybean Meal	65%
1:1	Treasury Note (6-1/2-10 year) vs. Treasury Bond	75%
2:1	Treasury Note (6-1/2-10 year) vs. Treasury Bond	80%
1:2	Treasury Bond vs. mini-sized Treasury Bond	100%
1:2	10 Yr. Treasury Note vs. mini-sized Treasury Bond	75%
1:1	10 Yr. Treasury Note vs. mini-sized Treasury Bond	80%
1:1	10 Yr. Treasury Note vs. 10 Yr. Swap	80%
5:4	5 Yr. Treasury Note vs. mini-sized Treasury Bond	75%
1:2	5 Yr. Treasury Note vs. mini-sized Treasury Bond	65%
1:2	Municipal Note Index vs. mini-sized Treasury Bond	75%

1:1	10 Yr. Agency vs. mini-sized Treasury Bond	80%
5:4	5 Yr. Agency vs. mini-sized Treasury Bond	55%
3:2	Treasury Note (5 year) vs. Treasury Note (6-1/2-10 year)	85%
1:2	mini-sized Bond vs. mini-sized 10 Yr. Treasury Note	80%
1:1	mini-sized Bond vs. mini-sized 10 Yr. Treasury Note	75%
1:2	10 Yr. Treasury Note vs. mini-sized 10 Yr. Treasury Note	100%
1:2	Treasury Bond vs. mini-sized 10 Yr. Treasury Note	75%
1:4	Treasury Bond vs. mini-sized 10 Yr. Treasury Note	80%
3:4	5 Yr. Treasury Note vs. mini-sized 10 Yr. Treasury Note	85%
1:2	5 Yr. Treasury Note vs. mini-sized 10 Yr. Treasury Note	80%
3:4	2 Yr. Treasury Note vs. mini-sized 10 Yr. Treasury Note	75%
1:2	2 Yr. Treasury Note vs. mini-sized 10 Yr. Treasury Note	70%
1:2	10 Yr. Swap vs. mini-sized 10 Yr. Treasury Note	80%
1:2	Municipal Note Index vs. mini-sized 10 Yr. Treasury Note	75%
1:2	10 Yr. Agency vs. mini-sized 10 Yr. Treasury Note	80%
3:4	5 Yr. Agency vs. mini-sized 10 Yr. Treasury Note	75%
1:1	Treasury Note (6-1/2-10 year) vs. Municipal Note Index	75%
1:1	Treasury Bond vs. Municipal Note Index	75%
1:1	Treasury Note (5 year) vs. Treasury Note (6-1/2-10 year)	80%
1:1	Treasury Note (5 year) vs. Treasury Bond	65%
5:2	Treasury Note (5 year) vs. Treasury Bond	75%
1:1	Treasury Note (5 year) vs. Municipal Note Index	70%
1:1	Treasury Note (2 year) vs. Treasury Note (6-1/2-10 year)	70%
1:1	Treasury Note (2 year) vs. Treasury Note (5 year)	80%
1:1	2 Yr. Treasury Note vs. mini-sized Eurodollar	50%
3:2	Treasury Note (2 year) vs. Treasury Note (6-1/2-10 year)	75%
1:2	Treasury Bond vs. 10 Yr. Agency	80%
1:1	10 Yr. Agency vs. 10 Yr. Treasury Note	80%
2:3	10 Yr. Agency vs. 5 Yr. Treasury Note	70%
2:3	10 Yr. Agency vs. 2 Yr. Treasury Note	70%
1:1	10 Yr. Agency vs. 10 Yr. Swap	85%
1:2	10 Yr. Swap vs. 5 Yr. Swap	80%
1:1	5 Yr. Swap vs. 5 Yr. Treasury Note	75%
2:5	Treasury Bond vs. 5 Yr. Agency	55%
2:3	10 Yr. Treasury Note vs. 5 Yr. Agency	75%
1:1	5 Yr. Treasury Note vs. 5 Yr. Agency	85%
1:1	2 Yr. Treasury Note vs. 5 Yr. Agency	80%
2:3	10 Yr. Agency vs. 5 Yr. Agency	75%

5:3	mini-sized Eurodollar vs. 30-Day Fed Funds	80%
1:1:1	Crush Spread (Same Crop Year) Soybeans (September Forward) vs. Soybean Meal (October Forward) vs. Soybean Meal (October) vs. Soybean Oil (October Forward)	80%
10:11:9	Crush Spread-Soybeans vs. Soybean Meal vs. Soybean Oil	80%

For the purpose of this paragraph, a crush spread is a position of 5,000 bushels of soybeans against one contract of soybean meal and one contract of soybean oil or a ratio of contracts that conforms to generally accepted soybean processor crush relationships. The number of crush spreads is limited to the net positions within any of the commodities.

(4) INTER-MARKET SPREADS. Inter-market spreads (involving the same commodity) where both sides of the transaction are carried on the books of one member firm shall be margined on the Chicago Board of Trade side as follows (SPAN does not currently recognize inter-market spreads):

Ratio	Spread	Spread Credit %
1:1	CBOT Wheat vs. Kansas City Board of Trade Wheat	50%
1:1	CBOT Wheat vs. Minneapolis Grain Exchange Spring Wheat	70%
5:1	mini-sized N.Y. Silver vs. Comex Silver	50%
3:1	mini-sized N.Y. Gold vs. Comex Gold	50%
Other inter-market spreads		
2:3	CBOT T-Note (2 year) vs. CME Eurodollar	70%
5:2	CBOT T-Note (2 year) vs. FINEX T-Note (5 year)	80%
5:2	CBOT T-Note (5 year) vs. FINEX T-Note (5 year)	80%
5:2	CBOT T-Note (5 year) vs. FINEX T-Note (2 year)	80%
1:1	CBOT DJIA (SM) vs. KCBOT Mini-Value Line	70%
5:2	CBOT DJIA (SM) vs. KCBOT Value Line	70%
1:10	CBOT DJIA (SM) vs. Amex Diamonds	\$800 (per CBOT side)
3:1	CBOT DJIA (SM) vs. CME S&P 500	65%
6:1	mini-sized CBOT DJIA (SM) (\$5) vs. CME S&P 500	65%
1:2	CBOT DJIA (SM) vs. CME mini-S&P 500	65%
1:1	mini-sized CBOT DJIA (SM) (\$5) vs. CME mini-S&P 500	65%

(5) INTER-MARKET SPREADS FOR CBOT AND MIDAM CONTRACTS

(a) Customers

For purposes of Regulations 431.03 and 431.05, any spread or other recognized strategy specified therein may consist of a combination of positions in Chicago Board of Trade and MidAmerica Commodity Exchange (MidAm) contracts, provided that each MidAm position in such a combination is equivalent in size, and is in the same commodity, as is specified with respect to a Chicago Board of Trade position.

(b) Non-Clearing Members

For purposes of Regulations 431.01, 431.03 and 431.06, any spread or other recognized strategy specified therein may consist of a combination of positions in Chicago Board of Trade and MidAmerica Commodity Exchange (MidAm) contracts, provided that each MidAm position in such a combination:

- is equivalent in size, and is in the same commodity, as is specified with respect to a Chicago Board of Trade position;

and

-- is in a contract in which the non-clearing member has MidAm membership privileges.

431.03A Margins-Spreads involving soybeans versus only crude soybean oil or only soybean meal or spreads involving crude soybean oil versus soybean meal do not meet the requirements of Paragraph 4(a) of Regulation 431.03 and, therefore, do not qualify for margins on one side only. 34R (08/01/94)

431.03B Margins-The Rules Committee was asked the following questions:

- (1) Is it permissible for a carrying broker to maintain an account with a bank where it is specified that the deposits therein are made at the request of a particular client - such funds not necessarily being those of the client.
- (2) Is it permissible to maintain such an account, limiting it to the amounts deposited by such client.

The Committee is unanimously of the opinion that these practices are a violation of the Association's minimum margin Rules and Regulations. They constitute the extending of credit for margins. 40R (08/01/94)

431.04 Notice of Undermargined Omnibus Accounts-(See 285.05) (08/01/94)

431.05 Margin on Options-Under the provisions of Rule 431.00, the Board hereby establishes that minimum margins for option transactions will be determined by the \*Standard Portfolio Analysis of Risk- (SPAN-) margin calculations.

Maintenance margin will equal the maximum of:

- (a) Market Risk Margin calculation
- (b) Extreme Market Risk calculation
- (c) Gross Short Option calculation
- (d) Initial margins for each commodity are identified in Regulations 431.03(1), (2) and (3).

For all long option positions premium must be paid in full when the position is initiated. See Regulations 1305.01, 2705.01, 2805.01, 2905.01, 3005.01, 3105.01, 3205.01, 3305.01, 3505.01, 3605.01, 4405.01, 4605.01, 5005.01, 5205.01 and 5805.01.

The values of the following policy variables will be determined by the Board of Directors:

1. Normal range of futures price changes.
2. Normal range of implied volatility changes.
3. Intermonth spread margin for determining intermonth spread risk.
4. Extreme range of futures price changes.
5. Backup margin collection ratio for the Extreme calculation.
6. Gross short option assessment level. (01/01/03)

431.06 Margin on Options-Non-Clearing Members--A non-clearing member who makes his own option trades or who on the Floor gives his orders for option trades which are exclusively for his account shall be subject solely to the provisions of the \*Standard Portfolio Analysis of Risk-margin (SPAN-).

Maintenance margin will equal the maximum of:

- (a) Market Risk Margin calculation.
- (b) Extreme Market Risk calculation.
- (c) Gross Short option calculation.

For all long option positions premium must be paid in full when the position is initiated. See Regulations

1305.01, 2705.01, 2805.01, 2905.01, 3005.01, 3105.01, 3205.01, 3305.01,  
3505.01, 3605.01, 4405.01, 4605.01, 5005.01, 5205.01 and 5805.01. (01/01/03)

\*"SPAN-" and "Standard Portfolio Analysis of Risk-" are trademarks of the  
Chicago Mercantile Exchange. The Chicago Mercantile Exchange assumes no  
liability in connection with the use of SPAN by any person or entity.

B. Inter-Market Option Spreads--(See 431.03) section 5 (12/01/01)

432.00 Customers' Securities--The improper use of a customer's securities is  
inconsistent with just and equitable principles of trade. 211 (08/01/94)

433.00 Agreement for Use of Securities--An agreement between a member and a  
customer, authorizing the member to pledge securities, either alone or with  
other securities carried for the account of the customer, either for the amount  
due thereon or for a greater amount, or to lend such securities, does not  
justify the member in pledging or loaning more of such securities than is fair  
and reasonable in view of the indebtedness of said customer to said member.

No form of general agreement between a member and a customer shall warrant the  
member in using securities carried for the customer for delivery on sales made  
by the member for his own account, or for any account in which the firm or  
corporation of said member or of any general or special partner therein is  
directly or indirectly interested. 212 (08/01/94)

433.01 Construction of Rules 432.00 and 433.00--A customer's wholly owned  
securities and/or excess collateral (securities in excess of the approximate  
amount required to enable the member carrying the account to finance it) must be  
segregated in a manner which clearly identifies their ownership. The member  
carrying the account shall keep a record of the location of such segregated  
securities and the means by which their ownership may be identified. When such  
securities are in the custody of another broker, the member carrying the account  
shall keep such other broker fully informed at all times as to the specific  
securities to be segregated. This Regulation applies to both odd lots and round  
lots. (08/01/94)



#### Ch4 Transfer Trades/Exchange Service Fees

443.00 Exempt Transactions--The provisions of the Rules and Regulations respecting member rates of commission and brokerage rates shall be superseded not later than March 4, 1978. 219A (08/01/94)

444.01 Transfer Trades; Exchange of Futures for Physicals and Give-up Transactions--Transfer trades, or office trades, are defined and limited to trades made upon the books of a commission merchant for the purpose of: (a) transferring existing trades from one account to another within the same office where no change in ownership is involved; or, (b) transferring existing trades from the office of one commission merchant to the office of another commission merchant where no change in ownership is involved, provided that no such transfer may be made for the purpose of evading and avoiding delivery on such trades and provided further that if such transfer is made after receipt from the Clearing House of a notice of intention to deliver applicable to such trades, then the notice of intention to deliver must be passed through the Clearing House along with the trades so transferred and the Clearing House shall thereupon pass the notice of intention to deliver to the commission merchant to whom such transfer has been made and delivery shall be taken by such commission merchant; or, (c) exchanging futures for cash commodities or in connection with cash commodities transactions; or, (d) exchanging futures for, or in connection with, swap transactions involving Dow Jones-AIG Commodity Index (SM) futures, Municipal Bond Index futures, 10-Year Interest Rate Swap futures, 5-Year Interest Rate Swap futures and Long Term and Medium Term (Fannie Mae (R) Benchmark and Freddie Mac Reference) Note (sm) futures; or, (e) exchanging futures for, or in connection with, over-the-counter derivative transactions involving Wheat, Oat and Rice futures; or (f) to establish the prices of cash commodities; or, (g) correcting errors on cleared trades, provided the original trade documentation confirms the error and the special clearing code or screen designated by the Board of Directors has been used to identify these transfers; or (h) transferring trades executed on behalf of another commission merchant from the account of the executing commission merchant to the account of the other commission merchant customer where no change of ownership is involved, provided that the special clearing code or screen designated by the Board of Directors has been used to identify these transfers. The Business Conduct Committee ("BCC") or designated staff pursuant to delegated authority, may, in its discretion, upon written request, exempt a transfer trade from the requirements of this provision providing that the transfer trade is made for the purpose of combining the positions held by two or more commodity pools which are operated by the same commodity pool operator and traded by the same commodity trading advisor, pursuant to the same strategy, into a single account so long as the transfer does not result in the liquidation of any open positions, and the pro rata allocation of interests in the consolidating account does not result in more than a de minimis change in the value of the interest of any pool participant. Additionally, the BCC, or designated staff pursuant to delegated authority, in its discretion, upon written request, may exempt such other transfers in connection with or as a result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities.

Give-up transactions must be transferred in accordance with the procedure provided in subparagraph (h) above. In the case of give-up transactions, the commission merchant ("executing commission merchant") executing a trade on behalf of another commission merchant (the "carrying commission merchant") (including such carrying commission merchant's customers) must submit the trade to the Clearing House for clearing, and remains responsible for the clearing and settlement of such trade as prescribed by the Clearing House. Executing commission merchants and carrying commission merchants must utilize an automated invoicing system for commission payments resulting from give-up transactions, as determined by the Board of Directors. Notwithstanding the foregoing, the executing commission merchant, carrying commission merchant and, as applicable, the customer on the account at the carrying commission merchant for which the trade is executed, may by agreement set out their respective obligations and financial responsibility to one another relating to the transfer of the trade.

Exchange of futures in connection with cash commodity transactions or of futures for cash commodities or of futures for, or in connection with, swap transactions involving Dow Jones-AIG Commodity Index (SM) futures, Municipal Bond Index futures, 10-Year Interest Rate Swap futures, 5-Year Interest Rate Swap futures and Long Term and Medium Term (Fannie Mae (R) Benchmark and Freddie Mac Reference) Note (sm) futures, or the exchanging of futures for, or in connection with, over-the-counter derivative transaction involving Wheat, Oat and Rice futures may be made at such prices as are mutually agreed upon by the two parties to the transaction.

All transfer trades made between the offices of two commission merchants and all office trades made in connection with cash commodity transactions or the exchange of futures for cash commodities or the exchange of futures for, or in connection with, swap transactions involving Dow Jones-AIG Commodity Index (SM) futures, Municipal Bond Index futures, 10-Year Interest Rate Swap futures, 5-Year Interest Rate Swap futures and Long Term and Medium Term (Fannie Mae (R) Benchmark and Freddie Mac Reference) Note (sm) futures or the exchange of futures for, or in connection with, over-the-counter derivatives involving Wheat, Oat and Rice futures shall be

designated by proper symbol as transfer or office trades and must be cleared through the Clearing House in the regular manner.

Transfer trades must be made at the same price or prices which appear on the books of the transferring commission merchant, and the transfer must also show the date when such trade or trades were originally made; provided, however, that those transfers involving a debtor as defined by and in accordance with Regulation 272.02 shall retain the original trade date for purposes of delivery but shall be entered on the books of the transferee at the settlement price on the day of the transfer. In addition, each party to transfer trade transactions shall file with the Clearing House a memorandum stating the nature of the transaction, whether the transaction has resulted in a change of ownership, the kind and quantity of cash commodity, swap, or over-the-counter derivative if any is involved, the kind, quantity and price of the commodity future, the name of the opposite Clearing member, if any, and such other information as the Clearing House may require. 1809A (01/01/03)

444.01A Transfer Trades and Inter-Market Spreads - - Owing to the fact that some questions have arisen as to what may properly be handled in the way of give-ups, as office trades or transfer trades, particularly in connection with the new Commodity Exchange Act, the Directors have found it necessary to clarify this situation with certain interpretations which will be mailed to all members shortly. In the meantime, there is one point which seems important because of the past custom of the trade, and we wish to call attention to it. In case a house has spread orders between markets at a guaranteed difference, such as buying Winnipeg or Minneapolis or Kansas City and selling Chicago at a fixed difference, it has been customary in the past in the event they found some other house going the other way at the same difference to exchange futures in the two markets in order to consummate the spread. In other words, this was done by give-ups rather than by pit executions. Under the new interpretation, such a give-up is not permissible, inasmuch as it involves a change of ownership and is not a give-up against a cash transaction, as interpreted by the Commodity Exchange Act or the Board of Trade Rules. Accordingly, it will not be permissible to exchange futures in the form of give-ups under such circumstances, which will compel the actual filling of these limited spreads by means of pit executions.

While this appears to work a certain amount of hardship, it seems to be required in order to conform to the law and to the Rules of the Association; and, accordingly, attention is directed to it in order to avoid possible confusion where spreads are being worked between two markets. (08/01/94)

444.01B Prohibition on Exchange of Futures for Cash Commodities and on Exchange of Futures for, or in Connection with, Swap Transactions and on Exchange of Futures for, or in connection with, OTC Agricultural Transactions Involving Multi-Parties--The exchange of futures for cash commodities or in connection with cash commodity transactions or of futures for, or in connection with, swap transactions involving Dow Jones-AIG Commodity Index futures, Municipal Bond Index futures, 10-Year Interest Rate Swap futures, 5-Year Interest Rate Swap futures and Long Term and Medium Term (Fannie Mae(R) Benchmark and Freddie Mac Reference) Note(sm) futures may only occur when the buyer of the futures contracts is the seller of the cash commodity and the seller of the futures contracts is the buyer of the cash commodity. The exchange of futures for, or in connection with, over-the-counter derivative transactions involving Wheat, Oat and Rice futures may occur only when the buyer and seller of the futures contracts are the opposing sides to the OTC transaction and have respectively, the short and long market expose associated with the OTC transaction. All such transactions must be submitted to the clearing house by a clearing firm acting on its own behalf or for the beneficial account of a customer who is a party to the transaction. (01/01/03)

444.02 Clearance of Exchanges of Futures for Physicals Transactions, of Exchanges of Futures for, or in Connection with, Swap Transactions, and of Exchange of Futures for, or in Connection with, OTC Transactions - With respect to the futures portion of an exchange of future for physical transaction or swap transaction involving Dow Jones-AIG Commodity Index(SM) futures, Municipal Bond Index futures, 10-Year Interest Rate Swap futures, 5-Year Interest Rate Swap futures and Long Term and Medium Term (Fannie Mae(R) Benchmark and Freddie Mac Reference) Note(SM) futures, or over-the-counter derivative transaction involving Wheat, Oat or Rice futures, clearing firm on opposite sides of the transaction must subsequently approve the terms of the transaction, including the clearing firm (division), price, quantity, commodity, contract month and date prior to submitting the transaction to the Clearing House. (01/01/03)

444.03 Transfer Trades in a Delivery Month--During the delivery month and 2 business days prior to the first delivery day, (or in the case of crude petroleum during position month) transfer trades for the purpose of offsetting existing positions where no change of ownership is involved are prohibited when the date of execution of the position being transferred is not the same as the transfer date. Positions carried at different houses for the same owner 2 business days prior to a delivery month and thereafter (or in the case of crude petroleum during position month) are required to be offset in the pit or through the normal delivery process. The receiving firm has the responsibility to assure compliance with this regulation. (08/01/94)

444.04 Exchange of Futures for, or in Connection with, Swap Transactions Involving Dow Jones-AIG Commodity Index futures, Municipal Bond Index Futures, 10-Year Interest Rate Swap Futures, 5-Year Interest Rate Swap futures and Long Term and Medium Term Fannie Mae(R) Benchmark and Freddie Mac Reference Note(sm) Futures--An exchange of futures for, or in connection with, a swap transaction (EFS) consists of two discrete, but related, transactions; a swap transaction

and a futures transaction. At the time such transaction is effected, the buyer and seller of the futures must be, respectively, the seller and the buyer of the swap. The swap component shall involve the commodity underlying the futures contract (or a derivative, by-product or related product of such commodity). The quantity covered by the swap must be approximately equivalent to the quantity covered by the futures contracts. (07/01/02)

444.05 Transfer Trades for the Purpose of Offsetting, mini-sized Dow/SM/ Futures (\$5 multiplier) and CBOT(R) Dow Jones Industrial Average/SM/ (DJIA/SM/) Futures. With the consent of the account controller, a clearing member may offset and liquidate long mini-sized Dow/SM/ futures (\$5 multiplier) positions against short DJIA/SM/ futures positions, or short mini-sized Dow/SM/ futures (\$5 multiplier) positions against long DJIA/SM/ futures positions, held in the same contract month and year and in the same account in a ratio of 2 (two) mini-sized Dow/SM/ (\$5 multiplier) contracts to 1 (one) DJIA/SM/ contract. The clearing member shall notify the Clearing House of offsetting positions by submitting reports to the Clearing House in such form and manner as the Clearing House shall specify. The positions being offset shall be transferred to a holding account at the Clearing House and long and short positions in the same contract month in the holding account will be netted, thus reducing the number of open positions in such contract. (01/01/03)

446.06 Exchange of Futures For, Or in Connection with, OTC Transactions Involving Wheat, Oat and Rice Futures - An exchange of futures for, or in connection with, an over-the-counter (OTC) agricultural option transaction consists of two discrete, but related, transactions; an OTC derivative transaction and a futures transaction. At the time such transaction is effected, the buyer and seller of the futures contracts must be the opposing sides to the OTC transaction and have, respectively, the short and long market exposure associated with the OTC transaction. The OTC transaction shall involve the commodity underlying the futures contract (or a derivative, by-product or related product of such commodity). The quantity covered by the OTC transaction must be approximately equivalent to the quantity covered by the futures contracts. This transaction is only available to entities that are described in the Commodity Futures Trading Commission Ag Trade Option Regulation 32.13(g) and who enter into such transaction in accordance with CFTC Regulation 32.13. (01/01/03)

#### 450.00 Exchange Service Fees -

(a) members, membership interest holders and member firms. Each Full and Associate Member, (hereinafter referred to as "Members") Membership Interest Holder and member firm shall be obligated to pay to the Association, at such times and in such manner as the Board may prescribe, fees for transactions executed by open outcry, in accordance with the following fee schedules. All rate specifications are per contract/per side. All volume specifications are per calendar month.

- (1) Trades for a Member's or Membership Interest holder's own account: 5 cents. The maximum of fees paid by any Full or Associate Member pursuant to this subsection shall be \$25,000 per year per person who initiates and executes the trades.
- (2) Trades executed by a Member or Membership Interest holder as a floor broker for others: 5 cents. Provided, however, that this charge shall not apply to trades which are both initiated and executed by the same Member or Membership Interest holder for the account of a Member or Membership Interest holder, or the proprietary account of a member firm. The maximum of fees paid by and Full or Associate Member pursuant to this subsection shall be \$25,000 per year. When a Full or Associate Member executes trades as a floor broker for others and also initiates and executes trades for his/her own account, maximum of fees paid by such Full or associate Member for all such trades collectively shall be \$25,000 per year.
- (3) Notwithstanding the provisions of subsections (1) and (2) of this section (a), the fees applicable with respect to Memberships and Membership Interests which are owned by member firms shall be equivalent, in the following categories, to those which the Exchange prescribes for delegates:
  - (i) Trades for such Member's or Membership Interest holder's own account; and
  - (ii) Trades executed by such Member or Membership Interest holder on behalf of any account other than the proprietary account or a customer account of the member firm owner of the Membership or Membership Interest.
- (4) Trades for a member firm's proprietary account which are both initiated and executed by the same Member or Membership Interest holder: 5 cents. The maximum of fees paid by any member firm pursuant to this subsection shall be \$25,000 per year per person who initiates and executes the trades. As an alternative, a member firm may designate its proprietary account trades which are both initiated and executed by the same Member or Membership Interest holder to be subject to the fee schedule set forth in subsection (5).
- (5) Trades for a member firm's proprietary account other than those described in subsection (4):

- (i) 6 cents for contract volume up to 50,000;
- (ii) 5 cents for contract volume from 50,000 to 150,000; and
- (iii) 4 cents for contract volume in excess of 150,000.

(b) non-member. Each member or registered eligible business organization handling the funds of non-member customers shall include, in the statements to each customer, an Exchange Service Fee, for transactions executed by open outcry, in accordance with the following fee schedule for each Board of Trade contract bought or sold for the account of the non-member customer. All rate specifications are per contract/per side. All volume specifications are per calendar month.

(1) Non-agricultural contracts:

- (i) 50 cents for contract volume up to 50,000;
- (ii) 40 cents for contract volume from 50,000 to 150,000; and
- (iii) 30 cents for contract volume in excess of 150,000.

(2) Agricultural contracts:

- (i) 60 cents for contract volume up to 50,000;
- (ii) 50 cents for contract volume from 50,000 to 150,000; and
- (iii) 40 cents for contract volume in excess of 150,000.

All Exchange Service Fees collected from non-member customers shall be remitted by the member or registered eligible business organization to the Association at such times and in such manner as the Board may prescribe.

(c) e-cbot fees for members, membership interest holders and member firms. Each Full and Associate Member (hereinafter referred to as "Members"), Membership Interest holder and member firm shall be obligated to pay, at such times and in such manner as the e-cbot Board may prescribe, fees for e-cbot transactions in accordance with the following fee schedules. All rate specifications are per contract/per side. All volume specifications are per calendar month.

(1) Trades for a Member's or Membership Interest holder's own account and trades for a member firm's proprietary account which are both initiated and executed by the same Member or Membership Interest holder:

- (i) 15 cents for contract volume up to 50,000;
- (ii) 13 cents for contract volume from 50,000 to 150,000; and
- (iii) 10 cents for contract volume in excess of 150,000.

(2) Notwithstanding the provisions of subsection (1) of this section (c), the fees applicable with respect to Memberships and Membership Interests which are owned by member firms shall be equivalent, in the following categories, to those which the Exchange prescribes for delegates:

- (i) Trades for such Member's or Membership Interest holder's own account; and
- (ii) Trades executed by such Member or Membership Interest holder on behalf of any account other than the proprietary account of the member firm owner of the Membership or Membership Interest.

(3) Trades for a Member's, Membership Interest holders or member firm's proprietary account other than those described in subsections (1) and (2):

- (i) 35 cents for contract volume up to 50,000;
- (ii) 30 cents for contract volume from 50,000 to 150,000; and
- (iii) 25 cents for contract volume in excess of 150,000.

Notwithstanding the foregoing, e-cbot fees for mini-sized contracts shall be at such rates as the e-cbot Board shall prescribe.

(d) e-cbot fees for non-members. Each member or registered eligible business organization handling the funds of non-member customers shall include, in the statements to each customer, an e-cbot fee in accordance with the following schedule for each Board of Trade contract bought or sold through e-cbot for the account of the non-member customer. All rate specifications are per contract/per side. All volume specifications are per calendar month.

(1) Non-agricultural contracts:

- (i) 1 dollar 25 cents for contract volume up to 50,000;
- (ii) 95 cents for contract volume from 50,000 to 150,000; and
- (iii) 70 cents for contract volume in excess of 150,000.

(2) Agricultural contracts: 1 dollar 50 cents.

Notwithstanding the foregoing, e-cbot fees for mini-sized contracts shall be at such rates as the e-cbot Board shall prescribe.

All e-cbot fees collected from non-member customers shall be remitted by the member or registered eligible business organization at such times and in such manner as the e-cbot Board may prescribe.

(e) licensed contract fee. In addition to the fees specified in Rule 450.00(a) through 450.00(d), as applicable, the Board may establish Licensed Contract Fees applicable to transactions in contracts which the Exchange lists for trading pursuant to a licensing arrangement, including, but not limited to, Dow Jones/sm/ and Municipal Bond Index contracts. The maximum rate for any such Licensed Contract Fee shall be 20 cents per contract/per side.

- (f) EFP/EFS surcharge. In addition to the fees specified above, as applicable, a surcharge per contract shall apply to Member, Membership Interest holder, member firm and non-member Exchange for Physicals ("EFP") and Exchange for Swap ("EFS") transactions in accordance with the following fee schedule:
- (1) Non-agricultural transactions: 25 cents.
  - (2) Agricultural transactions: 15 cents.
- (g) electronic order routing fee. In addition to the fees specified in Rule 450.00(a) or 450.00(b), as applicable, a fee of 5 cents per contract shall apply to transactions resulting from orders which are routed to the Exchange Floor by an electronic order routing mechanism.
- (h) other fees. Fees shall apply on a per contract basis for exercises, deliveries, assignments and expirations in accordance with the following fee schedule:
- (1) For the account of a Member, Membership Interest holder or member firm: 5 cents.
  - (2) For the account of a non-member: 50 cents.
- (i) CBOT X-Fund surcharge for non-members. In addition to the fees specified in Rule 450.00(b)(1) and Rule 450.00(h)(2), as applicable, the Board may establish a surcharge applicable to transactions in CBOT X-Fund contracts, bought or sold, and for exercises, deliveries, assignments and expirations for the account of a non-member customer. Any such surcharge shall be on a per side basis.
- (j) temporary authorization for fee revisions. The following provisions shall apply in connection with the first amendments to this rule which are adopted by membership vote after November 1, 2001.
- (1) For a period of six months after the implementation of the above-referenced amendments, the Board of Directors and/or the e-cbot Board of Directors, as applicable, (the "applicable Board"), upon recommendation of the Executive Committee, shall be authorized to adjust the fee provisions specified in this rule, without submitting such adjustments to a membership vote.
  - (2) The applicable Board may approve such adjustments based on a determination, in that Board's sole discretion, that such adjustments are in the best interests of the Exchange and are consistent with Regulation 450.05.
  - (3) The temporary authorization set forth in this section (i) shall expire at the end of the six-month period specified in subsection (1) above.
- (k) fee obligations, collections and remittals. Members, Membership Interest holders and member firms shall be obligated to pay, to the Association, the applicable fees and surcharges specified in Rule 450.00 (e) through (i) in the same manner as is specified in Rule 450.00(a). Fees and surcharges specified in Rule 450.00 (e) through (i) which are applicable to non-member transactions shall be collected and remitted in the same manner as is specified in Rule 450.00(b).

- (l) revenue. The applicable Board shall have the authority in its discretion to suspend member transaction fees, fees on the execution of trades and non-member Exchange Service Fees at any time during a fiscal year upon making a determination that year-to-date Exchange revenues have attained a sufficient level to render the further collection of such fees unwarranted.
- (m) reports. Each member or registered eligible business organization subject to the provisions of this Rule shall submit to the Association such reports as the applicable Board may deem necessary for the administration of this Rule.
- (n) enforcement. No member or registered eligible business organization shall be obligated to the Association for the payment of Exchange Service Fees attributable to non-member transactions except to the extent that such fees are collected from non-member customers; provided, however, that each member or registered eligible business organization responsible for the collection of Exchange Service Fees shall make a bona fide and diligent effort to collect such amounts and shall not have the right, without prior approval of the Association, to release or forgive any indebtedness of a non-member to the Association for Exchange Service Fees. In the event of delinquencies in the payment of Exchange Service Fees by a non-member, the applicable Board in its discretion may order that further trading in the accounts of such non-member shall be for liquidation only until the indebtedness is paid.
- (o) special assessments. This Rule shall not be construed to supersede Rule 240.00 in any way nor to abrogate the responsibility and right of the Board to levy such additional assessments, charges or fees upon the membership as may be necessary to meet the obligations of the Association. 136 (01/01/03)

450.01 Exchange Service Fees - Payment of the Exchange Service Fee in respect to transactions executed by a Member, Membership Interest Holder, or Delegate on the Floor as a floor broker for the account of others, under Rule 450.00, must be remitted to the Exchange's Accounting Department within thirty days commencing from the date of the Exchange's invoice to the member. Failure to pay the invoiced transaction fees within the prescribed thirty days may result in the suspension (pursuant to the provisions of Exchange Regulation 540.06) of the defaulting member's membership privileges, including

floor access and the benefit of member transaction fees.

Payment of the Exchange Service Fee in respect to transactions for Members' Membership Interest Holders' or Delegates' own accounts or Member firms' accounts, under Rule 450.00, must be remitted to the Exchange's Accounting Department by the member firm clearing such transactions within twenty-one days commencing from the date of the Exchange's invoice to such clearing member firm.

No member or registered eligible business organization shall identify on its statements to nonmember customers any charge as an "Exchange Service Fee" unless the amount shown is actually due and payable to the Association under Rule 450.00. (04/01/00)

450.01A Exchange Service Fees - BE IT RESOLVED, that Regulation 450.01 be adopted with effective date of April 1, 1974 for Exchange Service Fees on member transactions and May 1, 1974 for Exchange Service Fees on non-member transactions. (08/01/94)

450.02A Member's Own Account - For the purpose of implementing Rule 450.00, the term "member's own account" shall refer only to those commodity futures or commodity options trading accounts that are wholly owned by and held in the name of one or more members. For any account held by more than one member, all trades made for such account shall pay transaction fees equal to the highest fee required of any of the individual participants in the account, in accordance with Regulation 285.07. An account owned by and held in the name of a non-member spouse or other relative of a member shall not be considered a member's account. (01/01/02)

450.02B Member's Own Account in Trust - For the purpose of Rule 450.00, a commodity futures or commodity options trading account placed in trust shall be deemed a "members own account" if the following are true:

- (1) the member is the sole settlor of the trust; and
- (2) the member is one of the trustees of the trust and as such trustee, has sole control over the investment-making decisions of the trust; and
- (3) the beneficiaries of the trust include only the member, the member's spouse and/or the member's descendants; and
- (4) the trust declaration expressly incorporates the Rules and Regulations of the Exchange, as may be amended; and
- (5) the interest in the trust that inures to the beneficiaries of the trust shall be subject to all Rules and Regulations of the Exchange, as may be amended; and
- (6) the non-member trustee, if any, expressly agrees in the trust declaration, to be subject to all Rules and Regulations of the Exchange, as amended.

The member must provide the Exchange, via the Member Services Department, a copy of the trust declaration creating the trust described in the preceding sentence as well as any amendments thereto along with a letter from an attorney stating that in the attorney's opinion, the trust created is designed to achieve the estate planning objectives of the member. Upon the member's death or if the member is adjudged incompetent, any commodity futures or commodity options trading account placed in trust pursuant to this section by such member will be treated as a non-member trading account for purposes of implementing Rule 450.00. (01/01/02)

450.02C Member Firm's Proprietary Account - For the purpose of implementing Rule 450.00, the term "member firm's account" shall refer only to those commodity futures or commodity options trading accounts that are wholly owned by and held in the name of the member firm. The term "member firm" shall refer only to a firm registered with the Exchange pursuant to Regulation 230.02. For an account to qualify as member firm proprietary account, delegates and individuals who are non-members with respect to the contracts being traded, who initiate and/or enter trades on behalf of the proprietary account must meet the following requirements:

- (1) may not provide trading capital for the account; and
- (2) may not have responsibility for downside risk of trading losses or responsibility to provide capital based on losses; and
- (3) individuals other than delegates must be issued a W-2 (or comparable documentation in jurisdictions other than the United States) and must be included in the firm's payroll tax records; and
- (4) may not contribute subordinated debt, unless the individual is a partner or shareholder of the member firm; and
- (5) gross trading profits and losses must be reported in the firm's income statement; and
- (6) the time period for which a trader is evaluated (for the determination of the percentage of trading profits) may not exceed a twelve-month period and may not carry over the firm's fiscal year-end.

Any account where the member firm shares ownership with another entity or individual must comply with Regulation 450.02E. (10/01/02)

450.02D Affiliates of Member Firms - For purposes of this regulation, the term

"member firm affiliate" shall mean a non-Futures Commission Merchant entity which is wholly owned by one or more member firms, which wholly owns a member firm, or which is wholly owned by the same parent company(s) as a member firm. The term "member firm" shall refer only to a firm registered with the Exchange pursuant to Regulation 230.02.

- A. A member firm affiliate may lease a Full or Associate Membership on its own behalf, thereby qualifying for delegate fee treatment (i.e., the applicable member firm fee plus the applicable delegate fee) with respect to its transactions on the Exchange.
- B. A member firm which owns one or more Full Memberships in addition to those required for its own registration under Rule 230.00, and/or any Associate Membership(s), (hereinafter "non-qualifying memberships") may designate such a non-qualifying membership to make its member firm affiliate eligible for member firm transaction fee treatment. Such designations shall be subject to the following provisions:
- (1) In order to become effective, the designation must be documented with, and approved by, the Exchange in such manner as the Exchange prescribes.
  - (2) A non-qualifying membership may not be designated for more than one member firm affiliate at any given time.
  - (3) Upon such designation, the member firm affiliate shall be subject to the Exchange's jurisdiction and to all duties and obligations imposed upon members, member firms, or other approved persons under the Rules and Regulations; provided, however, that the Exchange may exempt such member firm affiliates from any such duty or obligation which, in the Exchange's sole judgement, is incompatible or in conflict with, or is unrelated to, the activities of the member firm affiliate.
  - (4) The Exchange may withdraw its approval of such designation or good cause.
  - (5) A non-qualifying membership will be subject to sale by the Board for the acts or delinquencies of the member firm for which it is registered and/or for the acts or delinquencies of the member firm affiliate.
  - (6) Upon the sale or transfer of a non-qualifying membership, claims may be filed pursuant to Rule 253.00 against the member firm for which the membership is registered and/or against the member firm affiliate.  
(10/01/02)

450.02E Joint Accounts - Any account where profits and/or losses are shared by more than one party (member or non-member), shall pay Exchange transaction fees based on the highest rate applicable of any of the account's participants. In addition, a trading account that is funded by a loan shall be deemed a joint account between the borrower and the lender unless it can be demonstrated that the terms of the loan represent a reasonable interest rate, not affected by the profits and/or losses generated in the account. Further, the terms of the loan cannot suggest that the loan need not be paid back in the event of losses.  
(10/01/02)

450.02F Transaction Fees for e-cbot Member Firms - Delegate transaction fee rates shall apply to Eurex members which obtain access to e-cbot under Regulation 9B.04(a) based on a delegated Full or Associate Membership or a firm-registered Associate Membership. (01/01/03)



450.04 Exchange Service Fees - Adjustments - Exchange Service Fee adjustments may be granted to or required of member firms which have made overpayments to or underpaid the Exchange for any reason. The Exchange will only grant adjustments to member firms for the overpayment of exchange service fees for a period of up to one year back from the month-end preceding the date when a rebate request is made by the firm. The Exchange will only require member firms to make adjustments for the underpayment of exchange service fees for a period of up to three years back from the end of the audit period selected by the Exchange. Interest and or costs may be assessed in accordance with policies established by the Exchange. (10/01/01)

450.05 Fees -- Members and member firms will be granted lower fees than non-members. (11/01/00)

450.06 Member Fee Cap Clarification - The maximum amount of fees paid of \$25,000 as described in Rule 450.00 (a) applies only to trades executed on the Exchange trading floor and not to trades executed through e-cbot. (01/01/02)

Ch4 Adjustments

- 460.01 Errors and Mishandling of Orders - (See 350.04) (08/01/94)
- 460.02 Checking and Reporting Trades - (See 350.02) (08/01/94)
- 460.03 Failure to Check Trades - (See 350.01) (08/01/94)
- 460.04 Price of Execution Binding - (See 331.01) (08/01/94)

Ch4 Customer Orders

465.01 Records of Customers' Orders - Immediately upon receipt in the sales office of a customer order each member or registered eligible business organization shall prepare a written record of the order. It shall be dated and time-stamped when the order is received and shall show the account designation, except that in the case of a bunched order the account designation does not need to be recorded at that time if the order qualifies for and is executed pursuant to and in accordance with CFTC Regulation 1.35(a-1)(5). The order shall also be time-stamped when it is transmitted to the Floor of the Exchange and when its execution, or the fact that it is unable to be executed, is reported from the Floor of the Exchange to the sales office. All time-stamps required by this paragraph shall show the time to the nearest minute.

Immediately upon receipt on the Floor of the Exchange of a customer order, each member or registered eligible business organization shall prepare a written record of the order. It shall be dated and time-stamped when the order is received on the Floor and shall show the account designation, except that in the case of a bunched order the account designation does not need to be recorded at that time if the order qualifies for and is executed pursuant to and in accordance with CFTC Regulation 1.35(a-1)(5). The order shall also be time-stamped:

- (a) when it is transmitted to the floor broker if it is not transmitted immediately after it is received on the Floor, and
- (b) if the written order is transmitted to the floor broker, when the order is received back from the floor broker, or
- (c) if the order is transmitted to the floor broker verbally or by hand signals, when a report of its execution, or the fact that it is unable to be executed, is received from the floor broker.

Only time-stamps which are specified by the Exchange and synchronized with the Exchange Floor master clock may be used on the Exchange Floor.

It shall be an offense against the Association to manipulate or tamper with any time-stamp on the Exchange Floor, so as to put it out of synchronization with the master clock. Records of customer orders executed through the Exchange's Project A system facility shall be governed by 9B.20.

Any errors on written records of customer orders prepared on the Floor of the Exchange may be corrected by crossing out the erroneous information without obliterating or otherwise making illegible any of the originally recorded information. (07/01/99)

465.02 Application and Closing Out of Offsetting Long and Short Positions -

- (a) APPLICATION OF PURCHASES AND SALES. Any commission merchant, subject to the Rules of the Association, who
  - (1) Shall purchase any commodity for future delivery for the account of any customer (other than the "Customers' Account" of another commission merchant) when the account of such customer at the time of such purchase has a short position in the same future of the same commodity on the same market, or
  - (2) Shall sell any commodity for future delivery for the account of any customer (other than the "Customers' Account" of another commission merchant) when the account of such customer at the time of such sale has a long position in the same future of the same commodity on the same market, or
  - (3) Shall purchase a put or call option for the account of a customer when the account of such customer at the time of such purchase has a short put or call option position in the same option series as that purchased, or
  - (4) Shall sell a put or call option for the account of a customer when the account of such customer at the time of such sale has a long put or call option position in the same option series as that sold

shall on the same day apply such purchase or sale against such previously held short or long futures or options position, as the case may be, and shall promptly furnish such customer a purchase and sale statement showing the financial result of the transactions involved.

- (b) CUSTOMERS' INSTRUCTIONS. In all instances wherein the short or long futures or options position in such customer's account immediately prior to such offsetting purchase or sale is greater than the quantity purchased or sold, the commission merchant shall apply such offsetting purchase or sale to such portion of the previously held short position as may be specified by the customer. In the absence of specific instructions from the customer, the commission merchant shall apply such offsetting purchase or sale to the oldest portion of the previously held long or short position, as the case may be. Such instructions also may be accepted from any person who, by power of attorney or otherwise, actually directs trading in the customer's account unless the person directing the trading is the commission merchant (including any partner thereof), or is an officer, employee, or agent of the commission merchant. With respect to every such offsetting transaction that, in accordance with such specific instructions, is not applied to the oldest portion of the previously held futures or options position, the commission merchant shall clearly show on the purchase and sale statement issued to the customer in connection with the futures or options transaction, that as a result of the specific instructions given by or on behalf of the customer the transaction was not applied in the usual manner i.e., against the oldest portion of the previously held futures or option position. However, no such showing need be made if the commission merchant has received such specific instructions in writing from the customer for whom such an account is carried.
- (c) IN-AND-OUT TRADES; DAY TRADES. Notwithstanding the provisions of paragraphs (a) and (b) above, this Regulation shall not be deemed to require the application of purchases or sales closed out during the same day (commonly known as "in-and-out trades" or "day trades") against short or long positions carried forward from a prior date.
- (d) EXCEPTIONS. The provisions of this Regulation shall not apply to:
- (1) purchases or sales of futures contracts for the purpose of covering the granting of options on a contract market, if such purchases or sales are accompanied by instructions and other evidence that such futures contracts are cover for granted options.
  - (2) Purchases or sales constituting "bona fide hedging transactions" as defined in C.F.T.C. Regulation 1.3(z).
  - (3) sales during a delivery period for the purpose of making delivery during such delivery period if such sales are accompanied by instructions to make delivery thereon, together with warehouse receipts or other documents necessary to effectuate such delivery.
  - (4) Purchases or sales made in separate account of a commodity pool, provided that:
    - (i) The trading for such pool is directed by two or more unaffiliated commodity trading advisors acting independently, each of which is directing the trading of a separate account;
    - (ii) The commodity pool operator maintains only such minimum control over the trading for such pool as is necessary to fulfill its duty to supervise diligently the trading for such pool;
    - (iii) Each trading decision made by a commodity trading advisor for such pool is determined independently of all trading decisions made by any other commodity trading advisor for such pool;
    - (iv) The purchases and sales for such pool directed by different commodity trading advisors acting independently are executed by open and competitive means on or subject to the rules of a contract market; and
    - (v) No position held for or on behalf of separate pool accounts traded in accordance with paragraphs (d) (4) (i), (d) (4) (ii), (d) (4) (iii) and (d) (4) (iv) of this section may be closed

out by transferring such an open position from one of the separate accounts to another account of the pool.

- (5) Purchases or sales made in separate accounts owned by a customer or option customer, provided that:
- (i) Each person directing trading for one of the separate accounts is unaffiliated with and acts independently from each other person directing trading for a separate account;
  - (ii) Each person directing trading for one of the separate accounts, unless he is the account owner himself, does so pursuant to a power of attorney signed and dated by the customer, and which includes, at a minimum, the name, address and telephone number of the person directing trading and the account number over which such power is granted;
  - (iii) Each trading decision made for each separate account is determined independently of all trading decisions made for the other separate account or accounts;
  - (iv) The purchases and sales for such accounts are executed by open and competitive means on or subject to the rules of a contract market;
  - (v) No position held for or on behalf of separate accounts traded in accordance with paragraphs (d) (5) (i), (d) (5) (ii), (d) (5) (iii) and (d) (5) (iv) of this section may be closed out by transferring such an open position from one of the separate accounts to another of such accounts; and
  - (vi) The customer or option customer and each person directing trading for the customer or option customer provides the futures commission merchant with written confirmation that the trading and the operation of the customer's or option customer's accounts will be in accordance with paragraphs (d) (5) (i), (d) (5) (ii), (d) (5) (iii), (d) (5) (iv) and (d) (5) (v) of this section. The written confirmation must be signed and dated, and received by the futures commission merchant before it can avail itself of this exception provided by this paragraph.
- (6) Purchases or sales made in separate accounts of a p|) )) anted an exemption in accordance with 425.05 and 495.05 of this chapter, provided that:
- (i) The purchases and sales for such accounts are executed in open and competitive means on or subject to the rules of a contract market; and
  - (ii) No position held for or on behalf of separate accounts traded in accordance with this paragraph may be closed out by transferring such an open position from one of the separate accounts to another of such accounts.
- (7) Purchases or sales held in error accounts, including but not limited to floor broker error accounts, and purchases or sales identified as errors at the time they are assigned to an account that contains other purchases or sales not identified as errors and held in that account ("error trades"), provided that:
- (i) Each error trade does not offset another error trade held in the same account;
  - (ii) Each error trade is offset by open and competitive means on or subject to the rules of a contract market by not later than the close of business on the business day following the day the error trade is discovered and assigned to an error account or identified as error trade, unless at the close of business on the business day following the discovery of the error trade, the relevant market has reached a daily price fluctuation limit and the trader is unable to offset the error trade, in which case the error trade must be offset as soon as practicable thereafter; and
  - (iii) No error trade is closed out by transferring such an open position to another account also controlled by that same trader.

(8) Purchases or sales held in the separate accounts of a customer who has granted discretionary authority to a futures commission merchant, an associated person of a futures commission merchant, or a commodity trading advisor trading separate trading programs which have been marketed separately, provided that:

- (i) The purchases or sales for such accounts are executed in open and competitive means on or subject to the rules of a contract market; and
- (ii) No position held for or on behalf of separate accounts traded in accordance with this paragraph (d) (8) may be closed out by transferring such an open position from one of the separate accounts to another of such accounts.

(e) With respect to the exception from the provisions of this section set forth in paragraph (d) (5) of this section, if a futures commission merchant that carries the separate accounts of a customer or option customer, or if an associated person of such futures commission merchant, directs trading for one of the separate accounts:

- (1) the futures commission merchant must first furnish the customer or option customer with a written statement disclosing that, if held open, offsetting long and short positions in the separate accounts may result in the charging of additional fees and commissions and the payment of additional margin, although offsetting positions will result in no additional market gain or loss. Such written statement shall be attached to the risk disclosure statement required to be provided to a customer or option customer under CFTC Regulation 1.55. (07/01/94)

465.02A Exchange's No Position Stance on FCM's Internal Bookkeeping Procedures - The Exchange takes no position regarding the internal bookkeeping procedures of a commission merchant who, for the convenience of a customer, may hold concurrent long and short position in the same commodity, month (and strike price). This does not relieve the commission merchant of its responsibilities under Regulation 465.02 of offsetting the position for Exchange reporting purposes (i.e., Large Trader, Open Interest and Long Positions Eligible for Delivery) and promptly furnishing the customer a purchase and sale statement showing the financial result of the transactions involved. (08/01/94)

465.03 Orders and Cancellations Accepted On A 'Not Held' Basis - (See 337.01) (08/01/94)

465.04 Records of Floor Order Forms - Clearing Members shall establish and maintain procedures that will assure the complete accountability of all floor order forms used on the Exchange Floor. Machine and handwritten orders are required to be machine sequentially prenumbered and maintained by the firm in sequential order (except as otherwise provided in Regulation 465.05). (10/01/01)

465.05 Floor Order Forms - All floor orders must be in a form approved by the Floor Governors Committee or an employee of the Office of Investigations and Audits designated by the Floor Governors Committee.

Floor order forms must be machine sequentially prenumbered and contain the following machine preprinted information:

- (1) the name of the Clearing Member (except as provided below);
- (2) bracket designations,
- (3) a space designated for the customer account number; and
- (4) a space designated for the executing broker identification. (10/01/01)

Should a Clearing Member authorize a customer to enter orders directly with a floor broker in accordance with Appendix 3B(F), the Clearing Member, at its sole discretion, may authorize the floor broker to enter the Clearing Member's name on a floor order ticket that does not include the pre-printed name of the Clearing Member. In such circumstances, the floor broker must utilize machine sequentially pre-numbered orders that include the machine pre-printed acronym of the floor broker, and the floor broker must assure the complete accountability of all floor order forms used on the Exchange Floor.

465.06 Broker's Copy of Floor Orders - Upon request, a clearing firm must provide its broker, in an expeditious and reasonable manner, with a copy of every floor order he is asked to execute. (08/01/94)

465.07 Designation of Order Number Sequences - To facilitate Exchange monitoring of order flow volume, the Exchange may prescribe particular sequences of order form numbers for member firms to use in specified areas of the Exchange Floor. (07/01/94)

465.08 Post-Execution Allocation - All trades entered and executed in accordance with CFTC Regulation 1.35(a-1)(5) regarding orders eligible for post-execution allocation, must be allocated in sufficient time to meet the requirements of the Board of Trade Clearing Corporation trade submission for the trade date of the order. (07/01/99)

466.00 Orders Must be Executed in the Public Market - (See 332.00) (08/01/94)

#### Ch4 Offices and Branch Offices

475.00 Offices and Branch Offices - Member firms and member sole proprietors may establish offices other than main offices. All offices of member firms and member sole proprietors and employees thereof shall be subject to the Rules and Regulations of the Association, and shall be subject to the jurisdiction of the Business Conduct Committee in connection therewith; provided, however, that the Business Conduct Committee may exempt such offices and employees from any such Rule or Regulation which is incompatible with, in conflict with or unrelated to the functions performed by them. The term "branch office" shall include each branch office or wholly-owned subsidiary of the member firm that solicits, accepts, or services Commodity Futures Contracts or Options and/or is listed by the member firm as a branch office with the National Futures Association.

A branch office must conduct business under the same name as the parent firm or corporation. 129 (01/01/99)



#### Ch4 APs and Other Employees

480.01 APs - An Associated Person ("AP") is an employee of a member sole proprietor or member firm who solicits, accepts or services business other than in a clerical capacity in commodity futures and commodity options, and who has been granted registration as an Associated Person ("AP") by the Commodity Futures Trading Commission (CFTC) or the National Futures Association (NFA) pursuant to the Commodity Exchange Act. (08/01/94)

480.02 Employers Responsible for APs - Employers, in all instances, shall be responsible for the acts and omissions of their APs and branch office managers. (08/01/94)

480.09 Other Employees - The Business Conduct Committee may require that the name, remuneration, term of employment and actual duties of any employee of a member or of a member firm shall be stated to the Committee, together with such other information with respect to the employee as the Committee may deem requisite. The Committee may, in its discretion, disapprove of said employment, remuneration or term of employment. (08/01/94)

480.10 Supervision - Any willful act or omission by which a member fails to ensure compliance with the rules, regulations and bylaws of the Association by such member's partners, employees, agents or persons subject to his supervision shall constitute an offense against the Association by the member.

Any willful act or omission by which a member firm fails to ensure compliance with the rules, regulations and bylaws of the Association by such member firm's partners, directors, officers, employees or agents shall constitute an offense against the Association by the member firm. (07/01/95)

#### Ch4 Options Transactions

490.00 Application of Rules and Regulations - Unless specifically negated or unless superseded, each Rule or Regulation of the Association pertaining to transactions in future delivery contracts shall apply with equal force and effect to transactions in options. (08/01/94)

490.02 Option Customer Complaints - Each commission merchant engaging in the offer or sale of options pursuant to these Rules and Regulations shall, with respect to all written option customer complaints and oral option customer complaints which result in, or which would result in an adjustment to the option customer's account in an amount in excess of one thousand dollars:

- (1) Retain all such written complaints and make and retain written records of all such oral complaints; and
- (2) Make and retain a record of the date the complaint was received, the employee who serviced the account, a general description of the matter complained of, and what, if any, action was taken by the commission merchant in regard to the complaint. (08/01/94)

490.03 Supervision Procedures - Each commission merchant engaging in the offer or sale of options pursuant to these Rules and Regulations shall adopt and enforce written procedures pursuant to which it will be able to supervise adequately each option customer's account, including but not limited to, the solicitation of such account; provided that, as used in this Regulation, the term "option customer" does not include another commission merchant. (08/01/94)

490.03A Introducing Brokers Guaranteed by Member FCMs/Supervision Procedures - The Board of Directors in a special polling held on Friday, February 3, 1984 approved the following Resolution of the Member Services Committee pursuant to Regulation 490.03 of the Association.

WHEREAS, The Commodity Futures Trading Commission has provided by regulation that introducing brokers operating pursuant to a guarantee agreement with an FCM be permitted to solicit and/or accept orders for exchange-traded options if the Exchange of which the guarantor FCM is a member has adopted rules which govern the commodity option related activity of the guaranteed introducing broker; and

WHEREAS, it is the desire of certain members to permit the solicitation and/or acceptance of Chicago Board of Trade options by introducing brokers guaranteed by a member FCM;

NOW THEREFORE, be it -

RESOLVED, that each Rule or Regulation of the Association pertaining to the options sales practices of members or their employees shall apply with equal force and effect to the options sales practices of introducing brokers who are operating pursuant to a guarantee agreement with a member FCM and such member FCM shall be fully responsible therefor, and that this Resolution shall remain in effect until rescinded by a vote of the members or until such time as the National Futures Association or other registered futures association adopts rules which are approved by the Commodity Futures Trading Commission to govern the commodity option related activity of such guaranteed introducing brokers. (08/01/94)

490.05 Disclosure - Each commission merchant engaging in the offer or sale of options pursuant to these Rules and Regulations shall enforce the following requirements pertaining to disclosure statements:

- (1) Prior to opening an options account for an options customer, each commission merchant must furnish the options customer with a separate written risk disclosure statement, as set forth and described in Commodity Futures Trading Commission Regulation 33.7, and receive from the options customer an acknowledgement, signed and dated by the options customer, that he received and understood the disclosure statement.
- (2) Each disclosure statement and acknowledgement must be retained by the commission merchant in accordance with applicable Regulations of the Commodity Futures Trading Commission.

- (3) Prior to the entry into an options transaction pursuant to these Rules and Regulations, each commission merchant or the person soliciting or accepting the order therefor must provide each options customer with all of the information required under the disclosure statement; Provided, further, that the commission merchant must provide current information to an options customer if the information provided previously has become inaccurate.
- (4) Prior to the entry into an options transaction pursuant to these Rules and Regulations, each options customer or prospective options customer shall, to the extent the following amounts are known or can reasonably be approximated, be informed by the person soliciting or accepting the order therefore of the amount of the premium, commissions, costs, fees and other charges to be incurred in connection with the options transaction, as well as the strike price and all costs to be incurred by the options customer if the option is exercised; in addition, the limitations, if any, on the transfer of an options customer's account to a commission merchant other than the one through whom the options transaction is to be executed shall also be provided in writing.
- (5) For the purposes of this Regulation, a commission merchant shall not be deemed to be an options customer. (08/01/94)

490.06 Promotional Material - Each commission merchant engaging in the offer or sale of futures and options pursuant to these Rules and Regulations shall promptly make available upon request to the Office of Investigations and Audits all promotional material pertaining to trading in such futures and options.

For the purposes of this Regulation, the term "promotional material" includes:

- (1) any text of a standardized oral presentation, or any communication for publication in any newspaper, magazine or similar medium, or for broadcast over television, radio, or other electronic medium, which is disseminated or directed to a customer or prospective customer concerning a commodity futures or option transaction;
- (2) any standardized form of report, letter, circular, memorandum or publication which is disseminated or directed to a customer or prospective customer; and
- (3) any other written material disseminated or directed to a customer or prospective options customer for the purpose of soliciting a futures or options order, including any disclosure statement. (08/01/94)

490.07 Sales Communication - Each commission merchant engaging in the offer or sale of futures and options pursuant to these Rules and Regulations is prohibited from making fraudulent or high-pressure sales communications relating to the offer or sale of such futures and options. (08/01/94)

490.09 Reports by Commission Merchants - Each commission merchant shall make and submit such reports showing options positions held by any of its customers, in such form as may be required from time to time by the Office of Investigations and Audits or the Business Conduct Committee. Specifically, and without limiting the authority of the Office of Investigations and Audits or the Business Conduct Committee under this Regulation, all information needed to comply with Part 16 of the Commission's Regulations (17 CFR Part 16) may be collected from any member. (08/01/94)

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500.00 Inequitable Proceedings - It shall be an offense against the Association to violate any Rule or Regulation of the Association or any By-Law or Resolution of the Clearing House, regulating the conduct or business of members, or any agreement made with Association, or engage in fraud, dishonorable or dishonest conduct, or in conduct or proceedings inconsistent with just and equitable principles of trade, or make default relating to the delivery of contracts traded for future delivery (unless such default was unintentional). 141 (08/01/94)

501.00 Fictitious Transactions - It shall be an offense against the Association to create fictitious transactions or to give an order for the purchase or sale of futures or options the execution of which would involve no change in ownership, or to execute such an order with knowledge of its character. 142 (08/01/94)

502.00 Demoralization of Market - Purchases or sales of commodities or securities, or offers to purchase or sell commodities or securities, made for the purpose of upsetting the equilibrium of the market and bringing about a condition of demoralization in which prices will not fairly reflect market values, are forbidden and any member who makes or assists in making such purchase or sale or offers to purchase or sell with knowledge of the purpose thereof, or who, with such knowledge shall be a party to assist in carrying out any plan or scheme for the making of such purchases or sales or offers to purchase or sell, shall be deemed to be guilty of an act inconsistent with just and equitable principles of trade. 143 (08/01/94)

503.00 Misstatements - It shall be an offense against the Association to make a misstatement upon a material point to the Board, or to a Standing or Special Committee, or to the Executive Committee, or to the Board of Governors of the Clearing House, or on an application for membership.

If, after notice and opportunity for hearing in compliance with Regulation 540.02 and 540.03, the Hearing Committee finds that a member, prior to his application for membership, has been guilty of a fraudulent, dishonorable, or dishonest act and that the facts and circumstances thereof were not disclosed on his application for membership, the member may be expelled or suspended in accordance with this chapter. 144 (08/01/94)

504.00 Acts Detrimental to Welfare of the Association - It shall be an offense against the Association to engage in any act which may be detrimental to the interest or welfare of the Association. 145 (08/01/94)

504.00A Transactions in Warehouse Receipts - Rule 504.00

It has come to the attention of the Directors that certain member firms have entered into contracts for the purchase and/or sale for deferred delivery of warehouse receipts for grain in store in Chicago.

In the opinion of the Directors, this practice is unusual and irregular and is in violation of various Rules and Regulations of the Association and is detrimental to the interest and welfare of the Association under Rule 504.00.

You are hereby notified that members are liable to discipline if they enter into contracts for the purchase or sale for deferred delivery of grain in store in Chicago or of warehouse receipts issued against grain in elevators located in the Chicago Switching District.

This interpretation does not affect the purchase and sale of grain for future delivery consummated in accordance with the Rules and Regulations relating to futures contracts; nor sales in store when payment and delivery is made on the following day nor the purchase and sale of warehouse receipts on a 'when

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delivered' basis entered into after the expiration of trading in a contract and requiring performance on or before the end of the delivery month. 3R (08/01/94)

505.00 Commodity Exchange Act - Any member or any registered eligible business organization adjudged guilty of a violation of the Commodity Exchange Act or of any Regulation or Order thereunder, by the final decision in a federal administrative or judicial proceeding may be deemed to have violated Rule 504.00 of the Association. 603 (04/01/98)

506.00 Reckless Dealing - Reckless and unbusinesslike dealing is inconsistent with just and equitable principles of trade. 146 (08/01/94)

507.00 Investment Trust Corporation - Participation by a member, or by a firm or corporation, registered under the provisions of these Rules and Regulations, in the formation or management of investment trust corporations, or similar organizations, which in the opinion of the Board involve features which do not properly protect the interests of investors therein, may be held to be an act detrimental to the interests or welfare of the Association. 148 (08/01/94)

508.00 Circulation of Rumors - The circulation in any manner of rumors of a sensational character by a member, in any case where such act does not constitute fraud or conduct inconsistent with just and equitable principles of trade, is an act detrimental to the interest or welfare of the Association.

Members shall report to the Secretary any information which comes to their notice as to the circulation of such rumors. 149 (08/01/94)

509.00 Other Offenses

A. It shall be an offense against the Association to:

- (a) Attempt extortion;
- (b) Trade systematically against the orders or position of his customers;
- (c) Manipulate prices of or attempt to corner the market in any commodity or security;
- (d) Disseminate false or inaccurate market information;
- (e) Trade or accept margins after insolvency;
- (f) Make any trade for the account of or give up the name of any clearing member without authority from such clearing member;
- (g) Be deprived of the privilege of trading under the Commodity Exchange Act;
- (h) Trade for any person deprived of the privilege of trading under the Commodity Exchange Act;
- (i) Accept an order or make a trade for the Manager, Assistant Manager, or other employee of the Clearing House except in the exercise of their official duties;
- (j) Fail to comply with an order or award of the Committee of Arbitration. 150

B. No member shall be directly or indirectly interested in or associated in business with, or have his office directly or indirectly connected by public or private wire or other method or contrivance with, or transact any business directly or indirectly with or for

- (a) Any bucket shop; or
- (b) Any organization, firm, or individual making a practice of dealing on differences in market quotations; or
- (c) Any organization, firm or individual engaged in purchasing or selling commodities or securities for customers and making a practice of taking the side of the market opposite to the side taken by customers. 152 (08/01/94)

511.00 Trading on Other Exchanges - No member of this Association shall be permitted to trade on any exchange in the City of Chicago whose Constitution, By-Laws, Rules, or Regulations prescribe or

519.00A Unauthorized Entry - Unauthorized entry into the trading areas (see 310.01) shall be deemed to constitute presence in restricted areas. (08/01/94)

519.01 Committee Procedure -

(a) FLOOR CONDUCT COMMITTEE.

- (i) The Floor Conduct Committee may impose minor penalties against members for decorum offenses committed by such members or by any person or persons for whom such members are responsible. The Floor Conduct Committee may impose minor penalties for the offenses set forth in Regulation 520.00A. Minor penalties for the purpose of this Regulation shall be defined as a warning, fines not exceeding \$5,000 for any one offense and/or access denial not to exceed five days. A respondent may request a hearing by filing a written request for a hearing with the Exchange Services Department within ten (10) business days after the penalty is imposed; the Floor Conduct Committee shall hear the matter in accordance with Regulation 540.02 through 540.05. The decision of the Floor Conduct Committee may be appealed to the Appellate Committee as provided in Regulation 519.02(d). Failure to request a hearing shall be deemed a consent to the warning or fine. Unless a hearing is requested, if a fine is not paid within thirty (30) days after it was due, the Floor Conduct Committee may, without hearing, revoke the badge or suspend the floor privileges of a floor clerk for whose conduct the fine was imposed.
- (ii) The Floor Conduct Committee pursuant to this Regulation may impose minor penalties for disorderly conduct, intentional physical abuse, sexual harassment and the use of profane or obscene language. The Floor Conduct Committee, in its discretion, may impose a fine not to exceed \$5,000, in addition to any access denial, for any violation within its jurisdiction regardless of the number of the offense.
- (iii) Any member or individual with floor access privileges who has received a Floor Conduct Committee Notice of Rule(s) Violation ("ticket") for a decorum offense of Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment and/or Use of Profane or Obscene Language



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and, during the same trading session, engages in a further Rule or Regulation violation relating to Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment and/or Use of Profane or Obscene Language may, in addition to other sanctions (including, but not limited to, fines, suspensions and expulsions imposed by the Association pursuant to the Rules and Regulations) be immediately and summarily removed from the Exchange trading floor and denied trading floor access for the remainder of the trading session pursuant to the following procedures:

- (1) Certification by the Chairman of the Pit Committee (or, in the Chairman's absence, by a Vice Chairman of the Pit Committee) that the individual has continued to engage in Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment and/or Use of Profane or Obscene Language after having previously received a Floor Conduct Committee Notice of Rule (s) Violation ("ticket") for the same offense in the same trading session; and
- (2) Approval of such summary action by a member of the Floor Governors Committee and a member of the Board of Directors or by two members of the Board of Directors, provided that no individual granting such approval shall have been involved in the altercation.

Additionally, should the first such offense be of such a serious nature, the individual similarly may be denied trading floor access for the duration of the trading session pursuant to the above procedure.

(b) CTR SUBCOMMITTEE.

- (i) The Chairman of the Business Conduct Committee and the Chairman of the Floor Governors Committee may each appoint at least two members of their respective Committees to serve on a joint CTR Subcommittee. The CTR Subcommittee shall, by a majority vote, elect a Chairman. The CTR Subcommittee shall address violations involving the accurate and complete maintenance of books and records, including errors or omissions in the submission of Computerized Trade Reconstruction Data. In fulfilling its responsibilities, the CTR Subcommittee shall have the same authority granted to the Business Conduct Committee and the Floor Governors Committee in Rules 542.00 and 543.00, respectively, to issue preliminary charges and to conduct hearings with regard to specified penalties, and shall have the same authority granted to such Committees to impose penalties pursuant to settlement agreements in accordance with Regulation 540.09.
- (ii) The CTR Subcommittee may, without hearing, impose minor penalties against members or member firms for violations of Regulations 332.02, 332.04, 332.041, 332.05, 332.06, 332.07, 332.08 or 332.09 that are within the jurisdiction of either the Floor Governors Committee or the Business Conduct Committee. Minor penalties for the purpose of this subparagraph shall be defined as fines not exceeding \$1,000 for any one offense.
- (iii) Following is the schedule of minor penalties the CTR Subcommittee may impose pursuant to subparagraph (ii); however, this schedule is non-binding, and the CTR Subcommittee, in its discretion, may impose a fine not to exceed \$1,000 for any violation within its jurisdiction regardless of the number of the offense:

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ERRORS OR OMISSIONS IN BRACKETING	1st Offense	\$ 100 fine
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TRADES:	2nd Offense	\$ 250 fine
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	3rd Offense	\$ 500 fine
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	4th Offense	\$1,000 fine
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ERRORS OR OMISSIONS IN SUBMISSION OF	1st Offense	\$ 100 fine
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COMPUTERIZED TRADE RECONSTRUCTION	2nd Offense	\$ 250 fine
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DATA:	3rd Offense	\$ 500 fine
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	4th Offense	\$1,000 fine
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- (iv) The Floor Governors Committee may, without hearing, impose minor penalties against members for intra-association or contiguous association trading in excess of the percentages permitted by the Board pursuant to Regulation 330.03. Minor penalties for the purpose of this subparagraph shall be defined as fines not exceeding \$5,000 for any one offense.
- (v) Following is the schedule of minor penalties the Floor Governors Committee may impose pursuant to subparagraph (iv); however, this schedule is non-binding, and the Floor Governors Committee, in its discretion, may impose a fine not to exceed \$5,000 for any violation within its jurisdiction regardless of the number of the offense

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1st Offense	\$ 500 fine
2nd Offense within 24 months	\$1,000 fine
3rd Offense within 24 months	\$2,500 fine
Any subsequent offense within 24 months	\$5,000 fine

- (vi) At the time of an offense of the type set forth in subparagraph (iv), or as soon thereafter as practical, a representative of the Office of Investigations and Audits, shall upon the authorization of one member of the Floor Governors Committee, issue a ticket to the offender notifying the member or member firm that the Floor Governors Committee may impose a summary penalty in accordance with this regulation or may issue charges against the member or member firm and impose penalties as authorized in Rule 543.00. A representative of the Office of Investigations and Audits shall submit a copy of the ticket to the Floor Governors Committee. The Committee shall then determine whether to summarily impose a minor penalty or to issue charges. The Committee shall also have the authority to summarily impose minor penalties or to issue charges for the types of offenses set forth in subparagraph (iv) on the basis of reports presented to the Committee by the Office of Investigations and Audits.
- (vii) A respondent may request an appeal of a minor penalty by filing a written request for a hearing with the Office of Investigations and Audit within ten (10) business days after the penalty is imposed. The CTR Subcommittee shall hear the matter and its decision shall be final and may not be appealed. Failure to request a hearing shall be deemed a consent to the fine.
- (viii) Whenever the CTR Subcommittee summarily imposes a minor penalty against a member or member firm, the member or member firm shall be given written notification of the penalty. The notice shall inform the member or member firm of the right to appeal the penalty to the CTR Subcommittee and the consequences of a failure to pay a fine if no hearing is requested.
- (ix) Nothing contained herein shall be construed to limit or restrict the powers and authority of the Business Conduct Committee or the Floor Governors Committee. (05/01/02)

519.02 Floor Conduct Committee -

- (a) The Chairman of the Association may, with the consent of the Board, appoint members to a Floor Conduct Committee. Members of the Committee may not be members of the Floor Governors Committee.
- (b) Meetings. The Floor Conduct Committee shall determine the time and place of its meetings and the manner and form in which such meetings shall be conducted. In the interest of efficiency, the Chairman of the Floor Conduct Committee may appoint panels of Floor Conduct Committee members to hold duly constituted meetings. Any such panel shall consist of three or more members of the Floor Conduct Committee. The majority vote of such a panel of the Committee shall be the official act or decision of the Committee. The Chairman of the Floor Conduct Committee shall determine for each meeting, in his or her sole discretion, whether a panel or the full Floor Conduct Committee shall convene.
- (c) Duties of Committee. It shall be the function and duty of the Floor Conduct Committee to ensure decorum on the Floor of the Exchange in regard to decorum offenses set forth in Regulations 520.00A, 519.00A, 519.05 and 519.07 and in accordance with Rule 519.00 and Regulation 519.01. Floor Conduct Committee members shall issue a ticket to an offender notifying him that the Floor Conduct Committee has imposed a warning or fine as described in Regulations 520.00A, 519.00A and/or 519.05 and in accordance with Rule 519.00 and Regulation 519.01 for such violations which occur in the trading pits, including the steps leading into the pit. The ticket requires the signature of two members of the Floor Conduct Committee.

The Committee shall have the authority to discipline a member or other person with trading privileges found to have violated any Rule or Regulation within its jurisdiction by reprimand, by denial of the

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privileges of the Floor of the Exchange not to exceed five (5) days and/or by the imposition of a fine not to exceed \$5,000.

The Chairman and Vice Chairman of the Pit Committee shall be considered members of the Floor Conduct Committee for the sole purpose of issuing tickets for decorum offenses within their pit.

The Floor Conduct Committee shall be responsible for issuing badges to and recalling badges from all non-members, except as otherwise provided within the Rules and Regulations.

- (d) Appeal. A member, member firm, or other person with floor privileges, may appeal from the decision of the Committee by filing with the Secretary of the Association, within ten business days after the Committee's decision is sent to the respondent, a Notice of Appeal to the Appellate Committee requesting a review by the Appellate Committee of all or part of the Committee's decision.
- (e) Offense Against the Association. Any member of the Association, member firm, or other person with floor privileges who fails to comply with the disciplinary action of the Committee after such action becomes effective shall be charged with an offense against the Association, and if found guilty, shall either be fined, suspended, or expelled by the Board.
- (f) Hold-over Member. Whenever the Committee members have begun to hear or review evidence and argument in any proceeding, and the term of one or more of the members expires, such member or members may continue in office until the proceeding has ended. A hold-over member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of his successor or his successor's right to participate in all other Committee business. (01/01/96)

519.03 Bracketing Violations - The Floor Governors Committee may levy fines for violations of Regulation 332.02, pertaining to the recording of bracket data, in accordance with the Summary Procedures as provided in Regulation 519.01(b). (08/01/94)

519.04 Pit Committee Supervision and Enforcement of Pit Decorum - It shall be the function and duty of each Pit Committee to supervise and enforce any and all Decorum Offenses within its particular pit. (See 360.01.) The Pit Committees' authority is meant to supersede and replace the authority of the Floor Conduct Committee for Decorum Offenses committed within the respective trading pits. The Floor Conduct Committee maintains jurisdictional authority for any and all Decorum Offenses that occur outside of the respective trading pits. (03/01/97)

519.05 Weapons Prohibition - No weapons shall be permitted on the Exchange Floor or in the lobby area adjacent to the Exchange Floor. Any violation of this Regulation shall be deemed a decorum offense and penalties may be imposed pursuant to Rule 519.00 and Regulation 519.01. (08/01/94)

519.06 Submission of Computerized Trade Reconstruction Data - The Floor Governors Committee may levy fines for violations of Regulation 545.02, 332.04, 332.041, 332.05, 332.06, 332.07, 332.08, and 332.09, pertaining to the accurate and complete maintenance of books and records, including the submission of Computerized Trade Reconstruction data, in accordance with the Summary Procedures as provided in Regulation 519.01(b). (07/01/95)

519.07 Sexual Harassment - Sexual harassment will not be tolerated on the Floor or Halls of the Exchange. Sexual harassment consists of unlawful verbal or physical conduct directed at a person when that conduct is based on that person's sex and has a substantial adverse effect on him or her in the workplace. Such conduct may include, but is not limited to, the following:

1. requests for sexual favors that may or may not be accompanied by threats or promises of preferential treatment with respect to an individual's employment status;
2. verbal, written or graphic communications of a sexual nature, including lewd or sexually suggestive comments, off-color jokes of a sexual nature or displays of sexually explicit pictures, photos, posters, cartoons, books, magazines or other items; and
3. patting, pinching, hitting or any other unnecessary contact with another person's body or threats to take such action.

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Any violation of this Regulation shall be deemed a decorum offense and penalties may be imposed pursuant to Rule 519.00 and Regulation 519.01. (01/01/96)

520.00 Smoking - Smoking of cigarettes and other smoking materials is prohibited in the Exchange Halls (during trading hours or business days). Any member, or any person affiliated with a registered eligible business organization who violates this Rule shall be guilty of an offense against the Association and, in the case of persons affiliated with a registered eligible business organization, such firm may also be found guilty of an offense against the Association. 164 (04/01/98)

520.00A Exchange Floor Fines - The Secretary of the Association shall impose a fine of \$25 to \$5,000, as directed by the Floor Conduct Committee for each violation of Rules, Regulations, directives or guidelines issued by the Floor Conduct Committee relating to smoking and other use of tobacco products, badges, food and beverage, dress code, decorum, and guests and visitors on the Exchange Floor.

The following schedule of fines is approved; however, this schedule is non-binding, and the Floor Conduct Committee, in its discretion, may impose a fine not to exceed \$5,000, in addition to any access denial, for the violations set forth below regardless of the number of the offense.

BADGES: (improper usage)	1st offense \$25.00
	2nd offense \$50.00
	3rd offense denial of access to the Floor
(Failure to display Exchange issued badge)	\$200.00 each offense
(unauthorized entry into pits)	1st offense \$100.00
	2nd offense \$200.00
	3rd offense \$500.00
(unauthorized usage of a key card)	1st offense \$1,000.00
	2nd offense denial of Floor access
SMOKING/USE OF TOBACCO PRODUCTS:	1st offense \$100.00
	2nd offense \$200.00
	3rd offense \$500.00
	4th offense disciplinary action
FOOD AND BEVERAGE:	1st offense \$50.00
	2nd offense \$100.00
	additional offense by individual - \$500.00
GUESTS AND VISITORS:	1st offense \$25.00
	2nd offense \$50.00
	3rd offense \$100.00
DRESS CODE:	1st offense \$25.00
	2nd offense \$50.00
	3rd offense \$100.00
	No jeans are to be permitted on the Exchange Floor.
RUNNING:	1st offense by individual - \$25.00
	2nd offense by individual - \$50.00



540.00 Proceedings Before The Board - The Board may review decisions of the Appellate Committee, and may agree to hear disciplinary matters referred to it by the Appellate Committee or the Hearing Committee. Whenever the respondent shall have had an opportunity to present evidence or legal defenses in connection with the pending matter before any Standing or Special Committee in accordance with Regulations 540.02 and 540.03, and the jurisdiction of the Board is based upon either an appeal by the respondent from the decision of such Committee or is a referral of the matter by such Committee to the Board, the Board shall not entertain any new evidence or new legal defenses not raised before such Committee except upon a clear showing by the respondent that such new evidence or new legal defense did not exist or was not ascertainable by due diligence at the time of the Committee proceedings, and that there was insufficient time within the intervening period prior to the hearing of the Board for the respondent to bring such new evidence or legal defense to the attention of such Committee.

After hearing all the witnesses and the respondent, if he desires to be heard, the Board shall determine whether to affirm, reverse, modify or remand the decision of the Committee under review and may impose penalties in accordance with Rule 560.00. The finding of the Board shall be final and conclusive when rendered.

If the respondent has not been given notice and opportunity for hearing, pursuant to Regulations 540.02 and 540.03, before a disciplinary committee, the Board may, rather than holding a hearing remand the matter to the appropriate disciplinary committee. 155 (08/01/94)

540.00A Committee Authority To Refer Matters for Investigation - Any Committee of the Association which in the course of its activities discovers a possible violation of the Rules and Regulations of the Association may, refer the matter to the Office of Investigations and Audits or the appropriate disciplinary committee. 39R (08/01/94)

540.01 Review Of Investigation Report - The disciplinary committee shall promptly review each investigation report. In the event the disciplinary committee determines that additional investigation or evidence is needed, it shall promptly direct the enforcement staff to conduct its investigation further. Within a reasonable period of time not to exceed 30 days after the receipt of a completed investigation report, the disciplinary committee shall take one of the following actions:

- (a) If the disciplinary committee determines that no reasonable basis exists for finding a violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing and contain a brief statement setting forth the reasons therefor.
- (b) If the disciplinary committee determines that a reasonable basis exists for finding a violation which should be adjudicated, it shall direct that the person alleged to have committed the violation be served with a notice of charges and shall proceed in accordance with these regulations. (08/01/94)

540.02 Notice and Answer in Connection with Disciplinary Proceedings -

- (a) Prior to the imposition of any penalty by the Board of Directors or a committee under the Rules and Regulations, the respondent shall be served with a statement of charges either personally or by leaving the same at his or its office address during business hours or by mailing it to him at his place of residence, which charges shall:
  - (1) State the acts, practices, or conduct in which the respondent is believed to have engaged;
  - (2) State the Rule or Regulations believed to have been violated;
  - (3) Advise the respondent that he or it is entitled to be represented by an attorney;
  - (4) Advise the respondent that he or it is entitled to a hearing.
  - (5) State the period of time, which in no event shall be less than five (5) business days after the service of the charges, within which a hearing on the charges may be requested;
  - (6) Advise the respondent that failure to request a hearing within the period stated, except for good

cause, shall be deemed a waiver of the right to a hearing; and

(7) State the penalty which will be imposed if a hearing is waived.

- (b) If the respondent elects to answer the charges, such answer shall be filed within five (5) business days after the date of service of the charges, or within such further time as the Board of Directors or the appropriate Committee in its discretion deems proper.

The answer shall be in writing, signed by the respondent, and filed with the Office of Investigations and Audits; except that in connection with proceedings initiated under Rule 519.00 or Regulation 519.01 by the Floor Conduct Committee, such answers shall be filed with the Exchange Services Department. (08/01/94)

540.03 Procedures for Hearings on Charges - In connection with all hearings on charges, except those held pursuant to Regulation 540.05:

- (a) The respondent shall be entitled in advance of the hearing to examine all books, documents, or other tangible evidence in the possession or under the control of the Association which is to be relied upon by the Office of Investigations and Audits or Exchange Services Department in presenting the charges contained in the notice of charges or which are relevant to those charges;
- (b) At least ten (10) business days in advance of the hearing, the respondent shall submit to the Office of Investigations and Audits copies of all documents which the respondent intends to rely on in presenting his case and shall provide the Office of Investigations and Audits with a list of, and make available for inspection by the Office of Investigations and Audits, all books, records, names of witnesses, and other tangible evidence which the respondent intends to rely on; except that in any hearing held pursuant to Rule 519.00 or Regulation 519.01 by the Floor Conduct Committee, the documents and lists shall be submitted to and the books, records and other tangible evidence shall be made available for inspection by the Exchange Services Department. The hearing body, in its discretion, may refuse to consider any books, records, documents or other tangible evidence which was not made available or witnesses whose names were not submitted to the Office of Investigations and Audits, or the Exchange Services Department pursuant to this section. However, the hearing body will consider such evidence upon a clear showing that such evidence was not ascertainable by due diligence at least ten (10) business days in advance of the hearing and that there was insufficient time prior to the hearing to bring such evidence to the attention of the Office of Investigations and Audits or the Exchange Services Department.
- (c) The hearing shall be promptly held before disinterested members of the hearing body after reasonable notice to the respondent. No member of a disciplinary body may serve on that body in a particular matter if he or any person or firm with which he is affiliated has a financial, personal or other direct interest in the matter under consideration.
- (d) Formal rules of evidence need not apply, but the hearing shall not be so informal as to be unfair;
- (e) The respondent shall have the right to invoke Rule 548.00, if applicable;
- (f) The Office of Investigations and Audits shall be a party to the hearing and shall present its case on those charges and penalties which are the subject of the hearing; or in the case of any hearing held pursuant to Rule 519.00 or Regulation 519.01 by the Floor Conduct Committee, the Exchange Services Department shall be a party to the hearing and shall present its case on those charges and penalties which are the subject of the hearing.
- (g) The respondent shall be entitled to appear personally at the hearing and to be represented by counsel;
- (h) The respondent shall be entitled to cross-examine any person(s) appearing as witness(es);
- (i) Subject to the provisions of Rule 540.00, the respondent shall be entitled to call witnesses and to present such evidence as may be relevant to the charges;
- (j) Persons within the jurisdiction of the Association who are called as witnesses shall be obliged to appear at the hearing and to produce evidence (see 545.00);

- (k) If the hearing is held at the request of the respondent, a substantially verbatim record of the hearing, capable of being accurately transcribed, shall be made and shall become part of the record of the proceeding. (10/01/95)

540.04 Disciplinary Decisions - All disciplinary decisions rendered pursuant to the Rules and Regulations shall be in writing and be based upon the weight of the evidence contained in the record of the proceeding. A copy of the decision shall be provided to the respondent and shall include:

- (a) The charges, or a summary of the charges;
- (b) The answer, if any, or a summary of the answer;
- (c) A brief summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report;
- (d) A statement of findings and conclusions with respect to each charge, including the specific Rules and Regulations which the respondent is found to have violated;
- (e) A declaration of any penalty imposed and the effective date of the penalty;
- (f) A statement that the respondent shall pay the cost of the transcription of the record of the hearing if an appeal or petition for review to the Commission is requested by the respondent.

All such decisions shall be rendered within thirty business days after the conclusion of the hearing, unless, by virtue of the complexity of the case or other special circumstances, additional time is required. (08/01/94)

540.05 Appeals from a Decision of a Disciplinary Committee - The following procedures shall apply to appeals to the Appellate Committee and the Board from the decisions of any Committee from which appeals are allowed under the Rules and Regulations.

- (a) An appeal by the respondent from the decision of a committee or a referral of the matter by such committee to the Appellate Committee shall be heard by the Appellate Committee as provided in Regulations 540.02 and 540.03. Provided, however, that whenever the respondent shall have had an opportunity to present evidence or legal defenses in connection with the pending matter before any Standing or Special Committee in accordance with Regulations 540.02 and 540.03, the appeal shall be heard solely on the record of the proceedings before such committee, the written exceptions filed by the parties and the oral or written arguments of the parties. Further, the Appellate Committee shall not entertain any new evidence or new legal defenses not raised in the prior proceeding except upon a clear showing by the respondent that such new evidence or new legal defense did not exist or was not ascertainable by due diligence at the time of the proceedings, and that there was insufficient time within the intervening period prior to the hearing of the Appellate Committee for the respondent to bring such new evidence or legal defense to the attention of the committee.

The Appellate Committee shall not reverse any finding of a Standing or Special Committee or reverse or reduce any sanction imposed by a Standing or Special Committee unless the Appellate Committee determines that the finding or sanction is "clearly erroneous."

- (b) Subject to the provisions of Rule 540.00, an appeal shall be heard by the Board solely on the record before the Committee, the written exceptions filed by the parties; and the oral and written arguments of the parties;
- (c) Within thirty days after the conclusion of the hearing of the appeal, or within such additional time as may be necessary by virtue of the complexity of the case or other special circumstances, the Appellate Committee or the Board shall issue a written decision and provide a copy to the respondent. The decision shall include a statement of findings and conclusions with respect to each charge or penalty reviewed, including the specific rules which the respondent was found by the Committee to have violated, and the effective date of the disciplinary penalties, if affirmed, or of any modified penalties.
- (d) No member of the Board or Appellate Committee shall hear an appeal if such member participated in any prior stage of the disciplinary proceeding or if he or any person or firm with which he is affiliated



has a financial, personal, or other direct interest in the matter.  
(10/01/97)

540.06 Procedures For Member Responsibility Actions - The Chairman or Acting Chairman of the Association, upon the advice of the Floor Governors Committee, Financial Compliance Committee or Business Conduct Committee, has jurisdiction to take summary action when immediate action is necessary to protect the best interests of the marketplace or membership, without affording an opportunity for a prior hearing ("member responsibility actions"). The following procedures shall apply to such actions:

- (a) The respondent shall, whenever practicable, be served with a notice before the action is taken. If prior notice is not practicable, the respondent shall be served with a notice at the earliest possible opportunity. The notice shall:
  - (1) State the action;
  - (2) Briefly state the reasons for the action, and
  - (3) State the effective time and date and the duration of the action;
- (b) The respondent shall have the right to be represented by legal counsel or any other representative of his choosing in all proceedings subsequent to any summary action taken;
- (c) The respondent shall be given an opportunity for a subsequent hearing, within five business days, before the Floor Governors Committee, Financial Compliance Committee or the Business Conduct Committee. The hearing shall be conducted in accordance with the requirements of Regulation 540.03 (c)-(j);
- (d) Within five business days following the conclusion of the hearing, the body before which the hearing is held shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall provide a copy to the respondent. The decision shall include:
  - (1) A description of the summary action taken;
  - (2) The reasons for the summary action;
  - (3) A brief summary of the evidence produced at the hearing;
  - (4) Findings and conclusions;
  - (5) A determination that the summary action should be affirmed, modified, or reversed; and
  - (6) A declaration of any action to be taken pursuant to the determination specified in (5) above and the effective date and duration of such action.

The Chairman or Acting Chairman of the Association has jurisdiction to reverse summary action taken against an individual member pursuant to Rule 270.00 or Rule 278.00, or against a member firm pursuant to Regulation 416.04, at any time prior to a hearing held pursuant to this Regulation, or, if no hearing is held, prior to the expiration of five business days after the summary action is taken, without the prior approval of the Financial Compliance Committee or the Business Conduct Committee, if the affected member or member firm demonstrates to the satisfaction of the Chairman or Acting Chairman that the condition which was the basis for the action no longer exists. (07/01/97)

540.07 Finality Of Disciplinary Decisions And Member Responsibility Actions - All disciplinary decisions rendered or member responsibility actions taken pursuant to the Rules and Regulations shall be final and conclusive when rendered, unless appealable, in which case the decision shall become final the first business day after the time for appeal has passed, if no appeal is taken, or when the decision of the appeals body is rendered.

The person or body rendering such decision shall determine the effective date of such action. Provided, however, that the effective date shall be at least fifteen (15) days after written notice is delivered to the person against whom the action is taken, and to the Commodity Futures Trading Commission, except that such action may become effective prior to that time if:

- (1) The action was taken according to the provisions of Regulation 540.06;

- (2) The person against whom the action is taken has consented to the sanction to be imposed; or
- (3) The action was taken by the Secretary under Rule 563.00. (08/01/94)

540.08 Offers of Settlement - Any member, member firm or other person who is the subject of charges filed before the Board or who has filed an appeal of a disciplinary action with the Board, may submit a written offer of settlement in connection with such proceedings to the President. The President is authorized to consider such settlement offers, negotiate alternative provisions therein, and recommend to the Board that it either accept or reject any settlement offer. The Board, by majority vote of a duly convened quorum, has the sole authority to accept or reject any such settlement offer. If an offer of settlement is accepted by the Board, it shall issue a written decision specifying the rule violations it has reason to believe were committed and any penalty to be imposed. Where applicable, the decision also shall include a statement that the respondent has accepted the penalties imposed without either admitting or denying the rule violations.

The member, member firm or other person who submits a written settlement offer to the President may withdraw it at any time before final acceptance by the Board. If a settlement offer is withdrawn or is rejected by the Board, the person submitting such offer neither shall be deemed to have made any admission nor shall in any manner be prejudiced by having submitted the settlement offer.

Any member, member firm or other person who is the subject of charges before the Appellate Committee or who has filed an appeal of a disciplinary action with the Appellate Committee, may submit a written offer of settlement in connection with such proceedings to the Appellate Committee. The Appellate Committee is authorized to consider such settlement offers, negotiate alternative provisions therein, and either accept or reject any settlement offer. If an offer of settlement is accepted by the Committee it shall issue a written decision specifying the rule violations it has reason to believe were committed and any penalty to be imposed. Where applicable, the decision shall also include a statement that the respondent has accepted the penalties imposed without either admitting or denying the rule violations.

The member, member firm or other person who submits a written settlement offer to the Appellate Committee may withdraw it at any time before final acceptance by the Committee. If a settlement offer is withdrawn or rejected by the Committee, the person submitting such offer neither shall be deemed to have made any admission nor shall in any manner be prejudiced by having submitted the settlement offer.

Each settlement offer presented to the Board or to the Appellate Committee shall be deemed to incorporate the following terms:

- (1) Respondent acknowledges that the Office of Investigations and Audits will have the opportunity to present its views on the proposed settlement to the President, the Board, or the Appellate Committee, as applicable; and
- (2) Respondent waives any objection to having the Board or the Appellate Committee, as applicable, hear the case even if the Board or the Appellate Committee has previously considered and rejected a settlement offer.  
(08/01/97)

540.09 Offers of Settlement - Any member, member firm, their wholly-owned affiliates or other person who is the subject of preliminary charges issued by the Business Conduct Committee, Financial Compliance Committee or Floor Governors Committee ("respondent"), may submit a written offer of settlement in connection with such proceedings to the Business Conduct Committee, Financial Compliance Committee, Floor Governors Committee or the Hearing Committee. The Business Conduct Committee, Financial Compliance Committee, Floor Governors Committee and Hearing Committee are authorized to consider such settlement offers, negotiate alternative provisions therein, and either accept or reject any settlement offer. When preliminary charges are pending before the Hearing Committee, before a hearing begins, the Committee that issued the charges has the sole authority to consider settlement offers. Once the Hearing Committee has begun hearing evidence, the Hearing Committee has exclusive settlement authority. The Business Conduct Committee, Financial Compliance Committee, Floor Governors Committee and Hearing Committee may, in their discretion, permit a respondent to accept a penalty without either admitting or denying any rule violations upon which the penalty is based. If an offer

of settlement is accepted by any such Committee, it shall issue a written decision specifying the rule violations it has reason to believe were committed and any penalty to be imposed. Where applicable, the decision also shall include a statement that the respondent has accepted the penalties imposed without either admitting or denying the rule violations.

Each settlement offer presented to any such Committee shall be deemed to incorporate the following terms:

- (1) Respondent acknowledges that the Office of Investigations and Audits will have the opportunity to present its views on the proposed settlement to the Committee; and
- (2) Respondent waives any objection to having the appropriate Committee hear the case even if that Committee has previously considered and rejected a settlement offer.

The member, member firm, wholly-owned affiliate or other person who submits a written settlement offer to any such Committee may withdraw it at any time before final acceptance by the Committee. If a settlement offer is withdrawn or rejected by any such Committee, the person submitting such offer neither shall be deemed to have made any admission nor shall in any manner be prejudiced by having submitted the settlement offer. (08/01/97)

540.10 Disciplinary Jurisdiction Over Agricultural Regular Firms - In addition to the disciplinary authority of the Hearing Committee, Appellate Committee, Business Conduct Committee and Financial Compliance Committee over agricultural regular firms, as set forth in paragraphs (f) and (g) of Rule 542.00 and paragraphs (f) and (g) of Rule 551.00, each of these Committees may discipline an agricultural regular firm for violation of any Rules and Regulations by imposing a fine on such firm, and/or by revoking the firm's regularity status. Subject to and in accordance with Regulation 540.08, an agricultural regular firm that is the subject of charges filed before the Board or that has filed an appeal of a decision with the Appellate Committee or the Board, may submit a written offer of settlement in connection with such proceeding to the Appellate Committee or, in matters before the Board, to the President of the Association. (08/01/94)

540.11 Appellate Committee -

- (a) Membership. Each year the Chairman of the Board, with the approval of the Board, shall appoint from those members of the Association who currently serve or who shall have previously served as an elective officer of the Association and who shall not be a member of a standing disciplinary committee, to serve as a member of the Appellate Committee. The Committee shall consist of five (5) members, at least one of whom is currently an elective officer of the Association. A vacancy in the Committee shall be filled by appointment by the Chairman of the Board, with the approval of the Board.
- (b) Meetings and Quorum. The Appellate Committee shall determine the time and place for its meetings and the manner and form in which its meetings shall be conducted. The attendance of three (3) Appellate Committee members shall constitute a quorum of the Committee. The majority vote of the quorum of the Appellate Committee shall be the official act or decision of the Committee.
- (c) Duties of the Committee. It shall be the function of the Committee to serve as the appellate body in review of disciplinary decisions of committees of the Association or, upon referral by such committee to hear the matter, in accordance with Regulation 540.05. After hearing all the witnesses and the respondent, if he/she decides to be heard, the Committee shall determine whether the respondent is guilty of the offense or offenses charged. If the Committee determines that the accused is guilty, the Committee may impose penalties in accordance with Rule 560.00.
- (d) Appeal. The findings of the Appellate Committee shall be final and conclusive when rendered, although subject to review by the Board of Directors in accordance with Regulation 540.05(b) upon the request of the Board or upon referral by the Committee. A request that the Board review a decision must be made:
  - if on the motion of the Board, upon review of the notice of the decision in the materials for the first regularly scheduled Board meeting not less than twenty (20) days after the date of the

decision;

- if by the Appellate Committee, within fifteen (15) days of the date of the decision; and
- if by a person against whom the decision has been rendered within ten (10) days of the date he receives the decision.

- (e) Offense Against The Association. Any member of the Association, member firm, or other person with trading privileges who fails to comply with the disciplinary action of the Committee after such action becomes effective shall be charged with an offense against the Association, and if found guilty, shall either be fined, suspended or expelled by the Board.
- (f) Oath. Every member of the Appellate Committee shall take an oath not to divulge, or allow or cause to be divulged, any information acquired by such member in his capacity as an Appellate Committee member if such information is confidential, commercially sensitive, or non-public, except when required in connection with disciplinary proceedings or other formal proceedings or actions of a duly authorized committee of the Association or of the Board, or in response to demand by an authority to obtain the information requested, or on behalf of the Association in any proceeding authorized by the Board of Directors.
- (g) Holdover Member. Whenever the Committee members have begun to hear or review evidence and argument in any proceeding and the term of the members expires, the members may continue in office until the proceeding has ended. A holdover member shall not participate in any other Committee business, nor shall continuation in office impair the appointment of a successor Committee or the successor Committee's right to participate in all other Committee business.
- (h) Associate Members as Appellate Committee Members. Associate Members of the Exchange are eligible for appointment to the Appellate Committee as full voting members, provided that such Associate Member qualifies pursuant to paragraph (a) of this Regulation, and further provided that Associate Members shall not be eligible to serve as Chairman of the Committee. The Committee shall at no time have more than two Associate Members on the Committee. (08/01/94)

540.12 Hearing Committee -

- (a) Membership. The Hearing Committee shall consist of twenty-one (21) individual members of the Association appointed each year by the Chairman of the Board with the approval of the Board. For all purposes under these Rules, the Hearing Committee shall be considered a disciplinary committee. Hearing Committee members shall have previously served on the Board, the Business Conduct Committee, the Floor Governors Committee, the Financial Compliance Committee or the Arbitration Committee, but no person shall be a member of the Committee who, at the same time, is a member of the Board or any other standing disciplinary committee. A panel of seven members shall be selected from the Committee for each hearing, in a manner established by the Committee, consistent with the requirements of Regulation 540.14. Each panel shall, by a majority vote, elect a Chairman.
- (b) Hearing Executive Committee. The Chairman of the Board, with the approval of the Board, shall appoint a Chairman of the entire Committee, along with two other members from among the members of the Committee, to serve as a Hearing Executive Committee.
- (c) Meetings and Quorum. The Hearing Committee shall determine the time and place of its meetings and the manner and form in which its meetings shall be conducted. The attendance of four Hearing Committee members shall constitute a quorum of the Committee. The majority vote of the quorum of the Hearing Committee shall be the official act or decision of the Committee.
- (d) Duties of the Committee. The Hearing Committee shall conduct disciplinary hearings pursuant to the Rules and Regulations of the Association. Following notice and answer in accordance with Regulation 540.02, the Hearing Committee shall conduct hearings in connection with proceedings initiated under Rule 542.00(f), Rule 551.00(f) and Rule 543.00(d). Procedures for the hearing shall be in accordance with Regulation 540.03. After hearing all the witnesses and the respondent, if he/she decides to be heard, the Committee shall determine whether the respondent is guilty of the offense or offenses

charged. If the Hearing Committee determines that the accused is guilty, the Committee may impose penalties in accordance with the rule pursuant to which the proceedings were initiated. In the event there is a finding of multiple violations of any Rules or Regulations, it shall be within the Committee's discretion to apply its suspension powers either in a consecutive or concurrent manner.

- (e) Appeal. A member, member firm, person with trading privileges or agricultural regular firm may appeal from the decision of the Committee by filing with the Secretary of the Association within ten (10) business days after the Committee's decision is sent to the respondent a Notice of Appeal to the Appellate Committee requesting a review by the Appellate Committee of all or part of the Committee's decision.
- (f) Offense Against the Association. Any member, member firm, other person with trading privileges or agricultural regular firm who fails to comply with the disciplinary action of the Committee after such action becomes effective shall be charged with an offense against the Association, and if found guilty, shall either be fined, suspended or expelled by the Board.
- (g) Oath. Every Hearing Committee member shall take an oath not to divulge, or allow or cause to be divulged, any information acquired by such member in his official capacity as a Hearing Committee member if such information is confidential, commercially sensitive, or nonpublic, except when required in connection with disciplinary proceedings or other formal proceedings or actions of a duly authorized committee of the Association or of the Board, or in response to a request or demand by an administrative or legislative body of government having jurisdiction of the subject matter and authority to obtain the information requested, or on behalf of the Association in any proceeding authorized by the Board of Directors.
- (h) Hold-over Member. Whenever the Committee members have begun to hear or review evidence and argument in any proceeding, and the term of one or more of the members expires, such member or members may continue in office until the proceeding has ended. A holdover member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of a successor or the successor's right to participate in all other Committee business. (12/01/94)

540.13 Application of Rules and Regulations - The provisions of this Chapter shall apply to all members, registered partnerships and corporations, their wholly-owned affiliates, other persons with trading privileges, agricultural regular firms, guaranteed introducing brokers, and any employee or Associated Person of any such individual or firm, unless specifically exempted. (07/01/97)

540.15 Failure to Pay a Disciplinary Fine - When the Treasurer of the Association certifies to a Committee that imposed a fine that such fine is due and has not been paid, the person who was ordered to pay the fine shall be suspended from all membership privileges (including but not limited to floor and electronic access, member transaction fees and the right to lease a membership or membership interest), subject to Regulation 540.06, until the Treasurer certifies to the Committee that the fine has been paid. (06/01/94)

541.00 Special Investigations By Board - If at any time the Board shall have reason to suspect that any member, member firm, or other person with trading privileges, has been guilty of any offense against the Association and no investigation has been initiated into the matter, the Board shall direct the Office of Investigations and Audits to conduct an investigation and shall direct the appropriate disciplinary committee, or if necessary appoint a Special Committee outside of its own number, to review the investigation as to whether there is just ground for such suspicion. If the Committee decides that there is just ground for such suspicion, it shall direct that charges be filed with the Board as provided in Rule 540.00. (08/01/94)

542.00 Business Conduct Committee -

- (a) Membership. The Chairman of the Board, with the approval of the Board, shall appoint the members of the Business Conduct Committee. Only members of the Association who are not Directors or Officers of the Association shall be eligible for appointment as members of the Committee. All Committee Members shall be Full Members except that one Committee Member may be an Associate Member. Four members shall be appointed for staggered three-year terms. Additional members may be appointed for one-year terms, but no more than four such members may be appointed. Terms currently in effect at the time of adoption of this amended Rule shall continue to be in effect until they expire. At the time this amended Rule becomes effective, a member shall be appointed to serve a term expiring February 1, 1984. Each year the Chairman of the Board shall appoint one member of the Committee for a three-year term and may appoint no more than four members for one-year terms, except that for February 1, 1984, and every third year thereafter, the Chairman of the Board shall appoint two members of the Committee for three-year terms and may appoint no more than four members for one-year terms. A vacancy in the Committee shall be filled for the unexpired term in the same manner as provided above, except that unexpired one-year terms may be left vacant at the discretion of the Chairman of the Board. The President shall be an ex officio member of the Committee.
- (b) Chairman and Vice-Chairman of the Committee. The Chairman of the Board, with the approval of the Board, shall appoint a Chairman and a Vice-Chairman of the Committee from among the members of the Committee. The Chairman and Vice Chairman shall be appointed to serve as Chairman and Vice Chairman for a one-year term.
- (c) Oath of Members. Every member of the Committee shall take an oath not to divulge, or allow or cause to be divulged, any information acquired by such member in his official capacity if such information is confidential, commercially sensitive or non-public, including any information regarding the market position, financial condition, or identity of any trader or firm, except when required in connection with his official duties, or in connection with disciplinary proceedings or other formal

proceedings or actions of a duly authorized committee of the Association, or of the Board, or in response to a duly authorized subpoena, or in response to a request or demand by an administrative or legislative body of government having jurisdiction of the subject matter and authority to obtain the information requested, or on behalf of the Association in any proceeding authorized by the Board.

- (d) Quorum. The attendance of three members at a meeting shall constitute a quorum. The actions of a majority of the members present shall be the actions of the Committee.
- (e) Business Conduct Committee on Particular Matter. If the Business Conduct Committee shall determine that it is improper for any or all of its regular members to serve during the consideration and decision of any particular matter, or if any or all the regular members shall be unable to serve during the consideration and decision of any particular matter, the Business Conduct Committee may request the Chairman of the Board to appoint an alternate or alternates to sit throughout the investigation, hearing, and decision of such matter. The Chairman of the Board shall have the power to appoint any member or members as such alternate or alternates. When so appointed such alternate or alternates shall, with respect to such particular matter, have all the powers and duties of the regular member or members for whom he is or they are acting, and the "Committee on Particular Matter," consisting of such alternate or alternates, and the remaining regular members of the Business Conduct Committee, if any, shall with respect to such particular matter have all the duties and powers of the regular Business Conduct Committee. During such period as a Committee or Committees on a Particular Matter or Matters are functioning, the regular Business Conduct Committee and the regular members thereof shall continue to have all the powers and to perform all the duties concerning matters not under consideration by a Committee or Committees on Particular Matters.
- (f) Duties of Committee. The Committee shall determine the manner and form in which its proceedings shall be conducted. The Committee shall provide for the prevention of manipulation of prices and the cornering of any commodity on the Exchange, and shall also have general supervision of the business conduct of members, member firms, any other persons with trading privileges, wholly-owned affiliates, guaranteed introducing brokers, and any employees or associated persons of any such individual or firm, particularly insofar as such conduct affects (1) non-member customers; (2) the public at large; (3) the State Government; (4) the Federal Government; (5) public opinion; and (6) the good name of the Association. The Committee shall also have general supervision, other than financial supervision, over all agricultural regular firms and their employees, member and non-member alike, with respect to each such firm's compliance with the Association's Rules and Regulations pertaining to its regularity. The Committee in performing its duties may investigate the dealings, transactions and financial condition of members, member firms, any other persons with trading privileges, wholly-owned affiliates, agricultural regular firms, guaranteed introducing brokers, and any employees or associated persons of any such individual or firm, and may examine their books and papers upon request. The Committee may employ such auditors and other assistants as it may deem necessary, and all expenses incident thereto shall be payable from the funds of the Association.

The Committee shall have the authority to charge a member, member firm, person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or any employee or associated person of any such individual or firm alleged to have violated any Rule or Regulation within its jurisdiction and may impose any one or more of the following preliminary penalties: a reprimand, a cease and desist order, a fine not to exceed \$25,000 for each such violation, and/or restitution. The Committee may also impose upon any such individual member, person with trading privileges, or employee of a member or member firm a preliminary denial of the privileges of the Floor of the Exchange or suspension from membership status for a period not in excess of ninety (90) business days for each such violation. Except in the case of specified penalties, which shall be heard by the Committee in accordance with Regulations 540.02 and 540.03, proceedings shall be conducted by the Hearing Committee in accordance with Regulations 540.02 and 540.03. The specified penalties which shall be heard by the Committee shall be defined as a reprimand, fines not exceeding \$5,000.00 for any one violation, and a denial of the privileges of the Floor for a period not exceeding five (5) business days for any one violation. In the event there is a finding of multiple violations of any Rules or Regulations it shall be within the relevant Committee's discretion to apply its

denial or suspension powers either in a consecutive or concurrent manner.

A party under a cease and desist order may apply to the Committee to review and terminate such order, provided that such order has been in effect for at least five years prior to application.

The decision of the Business Conduct Committee or the Hearing Committee may be appealed to the Appellate Committee in accordance with Regulation 540.05 by filing with the Secretary of the Association, within ten (10) business days after the decision is sent to the respondent, a Notice of Appeal to the Appellate Committee requesting a review by the Appellate Committee of all or part of the decision.

Any member, member firm, other person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or employee or associated person of any such individual or firm who fails to appear before the Committee pursuant to its request, or to submit his or its books and records to the Committee at its request, shall be guilty of an offense against the Association.

The Committee may review at any time the operations or procedures of members, member firms, any other persons with trading privileges, wholly-owned affiliates, agricultural regular firms, guaranteed introducing brokers, and any employees or associated persons of any such individuals or firms to assure compliance with the Rules and Regulations of the Association. Whenever such review discloses a condition or practice which, in the Committee's judgment, falls within the provisions of Regulation 270.01 or Regulation 540.06, it shall so advise the Chairman of the Board and recommend such action as it deems appropriate in the circumstances.

- (g) Offense Against the Association. It shall be an act detrimental to the interest and welfare of the Association for any member of the Association, member firm, other person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or employee or associated person of any such individual or firm to fail to comply with the disciplinary action of the Committee after such action becomes effective.
- (h) Hold-Over Members. Whenever the Committee members have begun to hear or review evidence and argument in any proceeding, and the term of one or more of the members expires, such member or members may continue in office until the proceeding has ended. A holdover member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of his successor or his successor's right to participate in all other Committee business. (08/01/98)

543.00 Floor Governors Committee-

- (a) Membership. The Chairman of the Board, with the approval of the Board, shall appoint from the Membership of the Association the members of a Floor Governors Committee who shall not be Directors or Officers of the Association. The Committee shall consist of seven members. Each year the Chairman of the Board, with the approval of the Board, shall appoint one member of the Committee for a term of three years dating from February 1 of such year. Each year, the Chairman of the Board, with the approval of the Board shall also appoint from the Membership two members of the Committee to serve for a one year term dating from February 1 of such year. In addition, each year, beginning with 1985, the Chairman of the Board, with the approval of the Board, shall also appoint from the Membership a member of the Committee for a two year term dating from February 1 of such year. A vacancy in the Committee shall be filled for the unexpired term by appointment by the Chairman of the Board, with the approval of the Board.
- (b) Chairman and Vice Chairman of the Committee. The Chairman of the Board, with the approval of the Board, shall appoint a Chairman and a Vice Chairman of the Committee from among the members of the Committee. The Chairman and Vice Chairman shall be appointed to serve as Chairman and Vice Chairman for a one-year term.
- (c) Meetings and Quorum. The Floor Governors Committee shall determine the time and place of its meetings and the manner and form in which its meetings shall be conducted. The attendance of four Floor Governors shall constitute a quorum of the Committee. The majority vote of the quorum of the Floor Governors Committee shall be the official act or decision of the Committee.
- (d) Duties of the Committee. It shall be the function and duty of the Floor Governors Committee to assure



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that the practices and conduct of the members of the Association, member firms, other persons with trading privileges, and employees of any such individual or firm on the Floor of the Exchange are in compliance with the Rules and Regulations. Whenever any violation of the Rules or Regulations is suspected by the Committee, and the Committee determines, after investigation by the Office of Investigations and Audits, that action should be taken, the Committee shall provide notice and opportunity for a hearing in compliance with Regulations 540.02 and 540.03. The Committee shall have the authority to charge a member, member firm, person with trading privileges, or any employee of any such individual or firm alleged to have violated any Rule or Regulation within its jurisdiction and may impose any one or more of the following preliminary penalties: a reprimand, a cease and desist order, a fine not to exceed \$25,000 for each such violation, and/or restitution. The Committee may also impose upon any such individual member, person with trading privileges, or employee of a member or member firm a preliminary denial of the privileges of the Floor of the Exchange or suspension from membership status for a period not in excess of ninety (90) business days for each such violation. Except in the case of specified penalties, which shall be heard by the Committee in accordance with Regulations 540.02 and 540.03, proceedings shall be conducted by the Hearing Committee in accordance with Regulations 540.02 and 540.03. The specified penalties which shall be heard by the Committee shall be defined as a reprimand, fines not exceeding \$5,000 for any one violation, and a denial of the privileges of the Floor for a period not exceeding five (5) business days for any one violation. In the event there is a finding of multiple violations of any Rules or Regulations, it shall be within the relevant Committee's discretion to apply its denial or suspension powers either in a consecutive or concurrent manner.

Also fines not to exceed \$5,000 for any act may be imposed as specifically authorized in Regulation 519.03.

A party under a cease and desist order may apply to the Committee to review and terminate such order, provided that such order has been in effect for at least five years prior to application.

- (e) Appeal. A member, member firm, other person with trading privileges, or any employee of any such individual or firm, may appeal from the decision of the Floor Governors Committee or the Hearing Committee in accordance with Regulation 540.05 by filing with the Secretary of the Association within ten (10) business days after the decision is sent to the respondent a Notice of Appeal to the Appellate Committee requesting a review by the Appellate Committee of all or part of the decision.
- (f) Offense Against The Association. It shall be an act detrimental to the interest and welfare of the Association for any member of the Association, member firm, other person with trading privileges, or employee of any such individual or firm to fail to comply with the disciplinary action of the Committee after such action becomes effective.
- (g) Oath. Every Floor Governor shall take an oath not to divulge, or allow or cause to be divulged, any information acquired by such member in his official capacity as a Floor Governor if such information is confidential, commercially sensitive, or non-public, except when required in connection with his official duties, or in connection with disciplinary proceedings or other formal proceedings or actions of a duly authorized committee of the Association or of the Board, or in response to a duly authorized subpoena, or in response to a request or demand by an administrative or legislative body of government having jurisdiction of the subject matter and authority to obtain the information requested, or on behalf of the Association in any proceeding authorized by the Board of Directors.
- (h) Hold-over Member. Whenever the Committee members have begun to hear or review evidence and argument in any proceeding, and the term of one or more of the members expires, such member or members may continue in office until the proceeding has ended. A holdover member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of his successor or his successor's right to participate in all other Committee business.
- (i) Associate Members as Floor Governors. Associate Members of the Exchange are eligible for appointment to the Floor Governors Committee as full voting members, provided that Associate Members shall not be eligible to serve as Chairman of the Committee. The Committee shall at all times have at least two Associate Members on the Committee. (08/01/98)

543.01 Investigations - The President or the Executive Vice-President shall have the authority to

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order investigations into any complaints made to the Association or into any situation no matter how brought to their attention involving possible violations of the Rules and Regulations of the Association. 1792 (08/01/94)

544.00 Waiver of Hearing - The statement of charges may provide that if the respondent fails, except for good cause, to request a hearing within a specified period of time, which in no event shall be less than five business days after the service of the charges, he shall be deemed to have accepted a penalty stated in the charges. (08/01/94)

545.00 Testimony And Production Of Books And Records - If a member of the Association, member firm, or other person with trading privileges, is required to submit his books and records, or the books and records of his firm, or corporation, or any portion thereof, to the Board, or to any authorized Standing or Special Committee, or to the individual responsible for the supervision of the Office of Investigations and Audits as provided for in Regulation 170.01, or, subject to the provisions of Rule 548.00, to furnish any information to or to appear and testify before, or to cause any of his partners or employees to appear and testify before such Board, or such authorized Committee, or at the request of such individual responsible for the supervision of the Office of Investigations and Audits, it shall be an offense against the Association to fail or refuse to comply with such requirements. 153 (08/01/94)

545.01 Furnishing Information - Pursuant to Rule 545.00 and Regulations 545.02 and 545.03, each clearing member shall furnish to the Board or to any committee or department specified by the Board, such information respecting daily trading, deliveries, exchanges of futures for cash commodities or other activity as the Board deems necessary for compliance by the Association with the provisions of Regulations Sections 16.00 through 16.03 under the Commodity Exchange Act or as required to be made or maintained under the Rules and Regulations. Such data shall be furnished at such times and in such manner and form as the Board or the committee or department acting for the Board may prescribe.

The Business Conduct Committee, the Financial Compliance Committee, or the Floor Governors Committee may, without hearing, impose minor penalties against members or member firms for failure by such members or member firms, or for failure by any persons for whom such members or member firms are responsible, to submit requested routine trade documentation within the respective Committees' jurisdiction in the manner prescribed by the Committee. Minor penalties for the purpose of this Regulation shall be defined as fines not exceeding \$1,000 for any one offense.

If the documents requested are one year old or less, they must be produced and submitted to the Office of Investigations and Audits within five (5) business days. If the documents requested are more than one year old and less than five years old, they must be produced and submitted to the Office of Investigations and Audits within ten (10) business days. The Business Conduct Committee, the Financial Compliance Committee, or the Floor Governors Committee may impose a fine of up to \$1,000 for each business day thereafter on which the member, member firm or any person for whom such member or member firm is responsible, has not produced and submitted the requested documents to the Office of Investigations and Audits.

A respondent may request an appeal of a minor penalty by filing a written request for a hearing with the Office of Investigations and Audits within ten (10) business days after the penalty is imposed; the Business Conduct Committee, the Financial Compliance Committee, or the Floor Governors Committee shall hear the matter in accordance with Regulations 540.02 through 540.05. The decision of the Business Conduct Committee, the Financial Compliance Committee, or the Floor Governors Committee may be appealed to the Appellate Committee as provided in Rule 542.00(f) or 543.00(e). Failure to request a hearing shall be deemed a consent to the fine. Unless a hearing is requested, failure to pay a fine within thirty (30) days after the penalty is imposed shall automatically triple the amount of the fine. 1973 (08/01/94)

545.02 Record Keeping - Pursuant to Rule 545.00 and Regulation 545.03, each member and member firm shall keep in an accurate and complete manner all books and records required to be made or maintained under the Rules and Regulations. All books and records required to be kept shall be kept for a period of five (5) years from the date thereof and shall be readily accessible for a period of two (2)

years from the date thereof. All reports required to be submitted to the Association or its delegate shall be reported accurately and completely. (08/01/94)

545.03 Record Keeping Qualifications - Each member, member firm and other person with membership privileges shall be required, pursuant to the rules and regulations, to keep, maintain and furnish only those books and records that relate directly to the trading of futures and options contracts, satisfaction of the minimum financial requirements for futures commission merchants and qualifications for membership. (08/01/94)

545.04 Equity Runs Transmission Requirement - Each member shall be required to have the ability to electronically transmit the complete bookkeeping reports to its Chicago office or to the Board of Trade Clearing Corporation by 8:00 a.m. central time on the day following the report date. The reports must, at a minimum, include the margin equity run, master file of customer account names and addresses, open position listing, day trade listing, cash adjustment sheets, margin call and debit/deficit report. (08/01/94)

545.05 Maintenance of Telephone Recordings - Members and member firms which record conversations conducted on their Exchange Floor telephone lines shall maintain the resultant recordings for a period of 10 business days following the day when such recordings are made. In addition, all recordings of Exchange Floor headset communications shall be maintained for a period of 10 business days following the day when such recordings are made. (07/01/98)

546.00 Testimony Before Other Exchanges - If the Board shall deem it is to the interest and welfare of the Association, or to the public interest, or in the interest of just and equitable principles of trade, to facilitate the examination by the authorities of another exchange of any transaction in which a member of the Association has been concerned and that the testimony of such member, his partners, or employees, or his books and papers, or the books and papers of his firm, or corporation, or any partner therein are material to such examination, and shall direct such member to appear and testify, or to cause any of his partners or employees to appear and testify, or to produce such books and papers before the authorities of said other exchange, or any committee thereof, for the purposes of such examination, and the member of the Association shall refuse or fail to comply with such direction, he may be adjudged guilty of an act detrimental to the interest or welfare of the Association. 154 (08/01/94)

548.00 Incriminating Evidence - Upon any investigation or trial before the Board, or before any committee, or before any other tribunal of the Association, no member or agricultural regular firm shall be required to answer, or be subject to any penalty for failing to answer any question, when such member or agricultural regular firm shall make oath that the answer, if given, would convict or tend to convict such member or agricultural regular firm of the violation of any law of the United States or any state. 161 (08/01/94)

549.00 Depositions of Witnesses - Upon any investigation authorized under the Rules and Regulations of the Association, the oral depositions of witnesses may be taken. The party under investigation shall be given at least five (5) days written notice of the time of the deposition and place where the witness will be deposed, which may be at any location within the United States. The party under investigation shall have the right to be present in person or by representative at the oral deposition, with right of cross-examination. All oral depositions of witnesses shall be taken under oath, before an officer qualified in the place of the deposition to administer oaths, and the complete testimony of the witnesses shall be transcribed by such officer or by a person under his supervision. Oral depositions taken in accordance with this provision shall be admissible in evidence at any hearing of the board or a Committee, reserving to the party under investigation the right to object at the hearing to the relevancy or materiality of the testimony contained therein. 162 (08/01/94)

550.00 Rehearing - A suspended or expelled member or member firm, and any member or member firm that has been fined, may petition the Appellate Committee for a rehearing. Upon presentation of the petition, the Appellate Committee, by a majority vote, may order a rehearing to determine whether the disciplinary action was the result of false testimony or was otherwise unjust or improper.

The rehearing will be conducted in accordance with Regulations 540.02 and 540.03.

If, after a rehearing the Appellate Committee unanimously finds that such member or member firm was mistakenly expelled, suspended, or fined, or that the penalty imposed was excessive, the prior disciplinary action against such member or member firm may be set aside or the penalty mitigated. No prior disciplinary action or penalty shall be set aside or mitigated if any member of the Appellate Committee votes against such action.

The petition of a member or member firm who has been suspended, expelled, or fined, for a rehearing shall be posted upon the bulletin board of the Exchange for at least one week prior to its presentation to the Appellate Committee.

A member or member firm whose prior expulsion, suspension, and/or fine is set aside or mitigated in accordance with this Rule shall have no claim in law or equity against the Association or any Director, committee member, officer or employee thereof by virtue of such prior action thus set aside or mitigated.

A rehearing is not a right. An action of the Appellate Committee is final when rendered as provided in Regulation 540.07, but may be reviewed by the Board pursuant to Regulation 540.05. Every suspension, expulsion, or fine will be considered final until set aside or reduced under this Rule. 157 (08/01/94)

551.00 Financial Compliance Committee-

- (a) Membership. The Chairman of the Board, with the approval of the Board, shall appoint the members of the Financial Compliance Committee. The Committee shall consist of five Full Members at least three of whom shall be an officer or partner of a member firm and who shall not be Directors or Officers of the Association. Initially, two members of the Committee shall serve for a term of two years. At the time this Rule becomes effective, three members shall be appointed to serve a term expiring February 1, 1992. Each year thereafter, beginning in 1992, the Chairman of the Board, with the approval of the Board, shall appoint two members of the Committee to serve a term of two years and one member to serve a term of one year. A vacancy in the Committee shall be filled for the unexpired term in the same manner as provided above, except that unexpired one-year terms may be left vacant at the discretion of the Chairman of the Board. The President and Chief Executive Officer of the Board of Trade Clearing Corporation shall be a non-voting advisor to the Committee.
- (b) Chairman and Vice-Chairman of the Committee. The Chairman of the Board, with the approval of the Board, shall appoint a Chairman and a Vice-Chairman of the Committee from among the members of the Committee. The Chairman and Vice-Chairman shall be appointed to serve as Chairman and Vice-Chairman for a one-year term.
- (c) Oath of Members. Every member of the Committee shall take an oath not to divulge, or allow or cause to be divulged, any information acquired by such member in his official capacity if such information is confidential, commercially sensitive or non-public, including any information regarding the market position, financial condition, or identity of any trader or firm, except when required in connection with his official duties, or in connection with disciplinary proceedings or other formal proceedings or actions of a duly authorized committee of the Association, or of the Board, or in response to a duly authorized subpoena, or in response to a request or demand by an administrative or legislative body of government having jurisdiction of the subject matter and authority to obtain the information requested, or on behalf of the Association in any proceeding authorized by the Board.
- (d) Quorum. The attendance of three (3) members at a meeting shall constitute a quorum. The actions of a majority of the members present shall be the actions of the Committee.
- (e) Financial Compliance Committee on Particular Matter. If the Financial Compliance Committee shall determine that it is improper for any or all of its regular members to serve during the consideration and decision of any particular matter, or if any or all the regular members shall be unable to serve during the consideration and decision of any particular matter, the Financial Compliance Committee may request the Chairman of the Board to appoint an alternate or alternates to sit throughout the investigation, hearing, and decision of such matter. The Chairman of the Board shall have the power to appoint, consistent with paragraph (a) above, any member or members as such alternate or alternates.

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When so appointed, such alternate or alternates shall, with respect to such particular matter, have all the powers and duties of the regular member or members for whom he is or they are acting, and the "Committee on Particular Matter," consisting of such alternate or alternates, and the remaining regular members of the Financial Compliance Committee, if any, shall with respect to such particular matter have all the duties and powers of the regular Financial Compliance Committee. During such period as a Committee or Committees on a Particular Matter or Matters are functioning, the regular Financial Compliance Committee and the regular members thereof shall continue to have all the powers and to perform all the duties concerning matters not under consideration by a Committee or Committees on Particular Matters.

- (f) Duties and Authority of the Committee. The duty of the Committee is to monitor and ensure the capital and financial integrity of members and member firms. The Committee may determine, in its sole discretion, that there is reason to believe that the financial status of a member or member firm represents a condition inconsistent with sound business practices and financial integrity, and may exercise the following authority, without limitation, over the financial organization of members and member firms.

The Committee shall determine the manner and form in which its proceedings shall be conducted. The Committee shall have authority, without limitation, over the financial organization of member firms and the financial interrelationships between member firms and their wholly-owned affiliated entities, including parents and subsidiaries. The Committee shall also have the authority, without limitation, to supervise the nature of capital formation and the capital compliance of members, member firms, wholly-owned affiliates, any other persons with trading privileges, guaranteed introducing brokers, and any employees or associated persons of any such individual or firm, particularly insofar as such conduct may have an adverse impact on the member's, member firm's or wholly-owned affiliate's capital or financial stability. The Committee shall also have the authority, without limitation, to supervise the financial organization, nature of capital formation and the capital compliance of all agricultural regular firms and their employees, member and non-member alike.

The Committee in performing its duties may investigate the dealings, transactions and financial interrelationships and condition of members, member firms, wholly-owned affiliates, agricultural regular firms, any other persons with trading privileges, guaranteed introducing brokers, and any employees or associated persons of any such individual or firm, may examine their books and papers upon request, and, with respect to member firms, may prescribe such capital requirements as it deems appropriate, including, without limitation, requiring the immediate or expeditious infusion of additional capital (subject to the procedures contained herein). Upon approval by the Chairman of the Board, the Committee may employ such experts, auditors, counsel and other assistants as it may deem necessary on a case-by-case basis, and all expenses incident thereto shall be payable from the funds of the Association.

- (1) Where immediate action is necessary, the Committee shall have the authority prior to a hearing, only upon written approval by the Chairman of the Board, to take summary action consistent with this rule subject to a subsequent hearing to be held within five (5) days from the date of the summary action in accordance with Regulation 540.06. This hearing, conducted before the Committee or Board, shall follow the requirements of Regulation 540.03(c)-(j).

The member, member firm, person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or employee or associated person of any such individual or firm will be immediately notified in writing of the Committee's or Board's decision, in the form of an order signed by the Chairman of the Committee and the Chairman of the Board of Directors. Upon written notification of the decision, the respondent may request a hearing to be held within five (5) days. After this hearing, the respondent may appeal the decision to the Board of Directors. The Board of Directors may modify the conditions of the original order.

Alternatively, any such summary order may be appealed directly to the Board of Directors within one business day. The member, member firm, person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or employee or associated

person of any such individual or firm subject to such order must give written notice of appeal to the Secretary immediately upon receipt of the Committee's order; the Board shall hear the appeal within one business day following receipt of said appeal notice or such later date as the Board may establish pursuant to the written waiver of the one business day hearing requirement by the member, member firm, person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or employee or associated person of any such individual or firm.

- (2) The Committee shall have the authority to charge a member, member firm, wholly-owned affiliate, agricultural regular firm, person with trading privileges, guaranteed introducing broker, or any employee or associated person of any such individual or firm alleged to have violated any Rule or Regulation or written policy within its jurisdiction and may impose any one or more of the following preliminary penalties: a reprimand, a cease and desist order, a fine not to exceed \$25,000 for each such violation, and/or restitution. The Committee may also impose upon any such individual member, person with trading privileges, or employee of a member or member firm a preliminary denial of the privileges of the Floor of the Exchange or suspension from membership status for a period not in excess of ninety (90) business days for each such violation. Except in the case of specified penalties, which shall be heard by the Committee in accordance with Regulations 540.02 and 540.03, proceedings shall be conducted by the Hearing Committee in accordance with Regulations 540.02 and 540.03. The specified penalties which shall be heard by the Committee shall be defined as a reprimand, fines not exceeding \$5,000.00 for any one violation, and a denial of the privileges of the Floor for a period not exceeding five (5) business days for any one violation. In the event there is a finding of multiple violations of any Rules or Regulations it shall be within the relevant Committee's discretion to apply its denial or suspension powers either in a consecutive or concurrent manner.

A party under cease and desist order may apply to the Committee to review and terminate such order, provided that such order has been in effect for at least five years prior to application.

The decision of the Financial Compliance Committee or the Hearing Committee may be appealed to the Appellate Committee in accordance with Regulation 540.05 by filing with the Secretary of the Association, within ten (10) business days after the decision is sent to the respondent, a Notice of Appeal to the Appellate Committee requesting a review by the Appellate Committee of all or part of the decision.

- (3) Any member, member firm, wholly-owned affiliate, agricultural regular firm, other person with trading privileges, guaranteed introducing broker, or employee or associated person of any such individual or firm who fails to appear before the Committee pursuant to its request, or to submit his or its books and records to the Committee at its request, shall be guilty of an offense against the Association.

The Committee may review at any time the operations or procedures of members, member firms, wholly-owned affiliates, agricultural regular firms, any other persons with trading privileges, guaranteed introducing brokers, and any employees or associated persons of any such individuals or firms to assure compliance with the Rules and Regulations of the Association. Whenever such review discloses a condition or practice which, in the Committee's judgment, falls within the provisions of Regulation 270.01 or Regulation 540.06, it shall so advise the Chairman of the Board and recommend such action as it deems appropriate in the circumstances.

- (g) Offense Against the Association. It shall be an act detrimental to the interest and welfare of the Association for any member of the Association, member firm, wholly-owned affiliate, agricultural regular firm, other person with trading privileges, guaranteed introducing broker, or employee or associated person of any such individual or firm to fail to comply with the disciplinary action of the Committee after such action becomes effective.
- (h) Hold-Over Members. Whenever the Committee members have begun to hear or review evidence and argument in any proceeding, and the term of one or more of the members expires, such member or

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members may continue in office until the proceeding has ended. A hold-over member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of his successor or his successor's right to participate in all other Committee business. (08/01/98)

560.00 Expulsion and Suspension from Membership - Unless otherwise specifically provided, the penalty of suspension from membership may be inflicted, and the period of suspension determined, by the vote of a majority of the members of the Appellate Committee or the Board present, and the penalty of expulsion from membership or of ineligibility of a suspended member for reinstatement may be inflicted only by a vote of two-thirds of the members of the Board present.

At any disciplinary hearing the Appellate Committee or the Board may impose a fine upon any member or member firm for each Rule or Regulation violated. By majority vote of the Appellate Committee members or Directors present, the fine for each Rule or Regulation violated shall not exceed \$250,000. The time for payment of any such fine shall be determined by the Appellate Committee or the Board. Failure of any member or member firm to pay the fine during the prescribed period shall be considered an act detrimental to the interest and welfare of the Association. 140 (08/01/94)

560.01 Disciplinary Notice - Any member who is suspended, expelled, denied access to the Floor of the Exchange or otherwise disciplined shall be notified of such action in writing, with notification to the Commodity Futures Trading Commission in a manner permitted by the Commission, within thirty (30) days. The notification shall include the reasons for the Exchange action in the form and manner the Commission prescribes. 1795 (01/01/00)

560.02 Association Bar - Unless otherwise specifically provided, the penalty of a bar from association with any member or member firm may be imposed, and the period of an association bar determined, by the vote of a majority of the members of the Appellate Committee or the Board present. A permanent bar from association may be imposed only by the Board by a vote of two-thirds of the members of the Board present. For purposes of this regulation, a bar from association with any member or member firm includes, but is not limited to, a member's acting in the capacity of a partner, officer, director, employee and/or agent of a member or member firm. (08/01/94)

561.00 Suspended or Expelled Member Deprived of Privileges - When a member is suspended by a Committee of the Association or the Board, such member shall be deprived during the term of his suspension of all rights and privileges of membership, but he may be proceeded against by the Board for an offense other than that for which he was suspended.

The expulsion of a member terminates all rights and privileges arising out of his membership, except such rights in respect to the proceeds of the transfer thereof as he may have under the provisions of Chapter 2 hereof. 159 (08/01/94)

562.00 Discipline During Suspension - A member suspended under the provisions of this Chapter may be proceeded against by the Board for any offense committed by him either before or after the announcement of his suspension, in all respects as if he were not under suspension. (08/01/94)

563.00 Trade Checking Penalties - The Floor Conduct Committee may assess a penalty not to exceed \$1,000.00 for each day that a member or registered eligible business organization fails to make adequate provisions for the checking of trades that have been rejected by the Clearing House. Such penalty may be appealed to the Appellate Committee on the ground that it is excessive or unreasonable, and the Appellate Committee may thereupon revoke, modify, or impose a greater or different penalty. (04/01/98)



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Chapter 6  
Arbitration of Member Controversies  
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Chapter 6  
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600.00 Arbitration of Member Controversies - Any controversy between parties who were members at the time such controversy arose and which arises out of the Exchange business of such parties shall, at the request of any such party, be submitted to arbitration in accordance with regulations prescribed by the Exchange. Every member, by becoming such, agrees to arbitrate all such disputes with other members in accordance with this Rule and the regulations prescribed by the Exchange pursuant to this Rule, and further agrees and obligates himself to abide by and perform any awards made thereunder. (06/01/95)

600.01 Member to Member Statute of Limitations - Except as provided in the a/c/e mistrade policy, a controversy shall be submitted to arbitration within two years from the date the member knew or should have known of the dispute. (09/01/01)

601.00 Arbitration of Customers' Claims and Grievances - The Exchange shall by regulation establish procedures in conformity with Section 5a(11) of the Commodity Exchange Act and Regulations thereunder for the settlement through arbitration of customers' claims and grievances against members and their employees. Every member, by becoming such, agrees to abide by all regulations prescribed by the Exchange pursuant to this Rule, and further agrees to abide by and perform any awards made thereunder. (08/01/94)

601.01 Award of Actual Damages - If an award of actual damages is made against a floor broker in connection with the execution of a customer order, the futures commission merchant that selected the floor broker may be required to satisfy such award. (08/01/94)

601.02 Award of Punitive or Exemplary Damages - Punitive or exemplary damages may be awarded to a customer in addition to losses proximately caused by a floor broker, if the floor broker acted wilfully and intentionally in bringing about the customer's losses. The punitive or exemplary damages may not exceed an amount equal to two times the amount of the actual damages proximately caused by the floor broker. In addition, the futures commission merchant that selected the floor broker may be required to satisfy the award of punitive or exemplary damages if the floor broker fails to do so and only if the futures commission merchant wilfully and intentionally selected the floor broker with the intent to assist or facilitate the floor broker's violation. (08/01/94)

602.00 Arbitration of Other Member-Nonmember Controversies - - The Exchange may by regulation establish procedures for the voluntary arbitration of controversies between members and nonmembers arising out of Exchange business, other than customers' claims and grievances, where neither the claim, nor any counterclaim, is in excess of \$50,000. Every member, by becoming such, agrees to abide by all regulations which the Exchange may prescribe pursuant to this Rule, and further agrees to abide by and perform any awards made thereunder. (08/01/94)

Ch6 A. Definitions

603.00 Member Defined - For purposes of this Chapter, the term "member" includes all individual members of the Association, and all partnerships, corporations, and cooperative associations registered with the Association pursuant to Rule 230.00 or related regulations. (11/01/94)

603.01 Definitions -

For purposes of this Chapter:

- A. "Member" of the Association includes all individual members of the Association, and all partnerships, corporations, and cooperative associations that are registered with the Association pursuant to Rule 230.00 or Regulation 230.17. For purposes of Rule 600.00 and Regulation 620.01(A), "member" shall also be deemed to include the operator or manager of a warehouse or shipping plant that has been declared regular by the Exchange for the delivery of grains, soybean oil or soybean meal in Board of Trade contracts.
- B. "Claims or grievance" is any dispute which arises out of any transaction on or subject to the rules of the Exchange (including any transaction on or subject to the Rules of another contract market if such transaction is part of the same cause of action), executed by or effected through a member of the Association, or by or through an employee of a member of the Association, which dispute does not require for adjudication the presence of essential witnesses or third parties over whom the Association does not have jurisdiction and who are not otherwise available. A "claim or grievance" does not include disputes arising from cash market transactions which are not part of or directly connected with any transaction for the purchase or sale of any commodity for future delivery.
- C. "Customer" does not include any member of the Association.
- D. "Unassociated person" excludes all persons who are either members of or associated with members of the Association, who are employees of the Association, or who are otherwise associated with the Association. For the purpose of customer claims or grievances in connection with this chapter only, "unassociated person" excludes all persons who are members of, or associated with members of, or are employees of, or otherwise associated with, the Association or any other contract market. (08/01/94)

## Ch6 B. Organization

610.01 Arbitration Committee - The Arbitration Committee shall consist of twenty-eight (28) individual members of the Association appointed by the Chairman of the Board with the approval of the Board. Seven (7) shall be chosen from each of the following four (4) categories: seven (7) shall be principally engaged as floor traders; seven (7) shall be principally engaged as floor brokers; seven (7) shall be affiliated with brokerage firms; and seven (7) shall be affiliated with commercial firms. Fourteen (14) members shall be appointed for a term to end January, 1992, and fourteen (14) members shall be appointed for a term to end January, 1993. Beginning January, 1992, fourteen (14) members shall be appointed each year for a term of two years. A vacancy shall be filled for the unexpired term in the same manner as is provided above. No person shall be a member of the Committee who, at the same time, is a member of the Board or a member of any standing disciplinary committee. A member of the Arbitration Committee shall not be disqualified to serve on the Committee or any panel thereof due to a change in categories subsequent to his appointment. If the category of a member of the Arbitration Committee should change subsequent to his appointment, he shall be considered for all purposes to be in the category from which he was chosen on the date of his appointment. (08/01/94)

610.02 Administrator of Arbitration - The Administrator of Arbitration ("Administrator") shall be appointed by the President to serve at his will. The Administrator shall assist the Arbitration Committee in the performance of its work, and perform all ministerial duties in connection therewith including the following: he shall receive and file all submissions, pleadings and awards; he shall select unassociated persons to serve on Mixed Panels; he shall schedule and give notice of all hearings, keep a record of all cases, and keep such other books, and memoranda as the Committee shall from time to time direct; he shall receive and disburse all deposits and costs and keep careful and accurate account thereof under the supervision of the Arbitration Committee; and he shall perform all other duties incident to his office. (08/01/94)

610.03 Unassociated Persons - The Administrator shall maintain a list of unassociated persons available to serve as arbitrators on Mixed Panels constituted pursuant to Regulation 620.02 for the arbitration of customers' claims and grievances and other member-nonmember controversies. The Administrator shall from time to time select unassociated persons and place on the list the names of such unassociated persons who are willing to serve as arbitrators. (08/01/94)

620.01 Jurisdiction and Submission -

- A. Member Controversies. The Arbitration Committee has jurisdiction to arbitrate all controversies between members arising out of Exchange business. A member party may compel another member party to arbitrate such controversies by delivering to the Administrator a Statement of Claim.
- B. \*Customer's Claims and Grievances. The Arbitration Committee and Mixed Panels constituted pursuant to Regulation 620.02 have jurisdiction to arbitrate all customer's claims and grievances against any member or employee thereof which have arisen prior to the date the customer's claim is asserted. If the customer elects to initiate an arbitration proceeding of any customer claim or grievance, the member shall submit to arbitration in accordance with these Arbitration Rules and Regulations. The arbitration shall be initiated by delivery to the Administrator of (a) a Statement of Claim and a "Chicago Board of Trade Arbitration Submission Agreement for Customers' Claims and Grievances" signed by the customer or (b) a Statement of Claim and another arbitration agreement between the parties, which agreement conforms in all respects with any applicable requirements prescribed by the Commodity Futures Trading Commission. The refusal of any member or employee to sign the "Chicago Board of Trade Arbitration Submission Agreement for Customer's Claims and Grievances" shall not deprive the Arbitration Committee or a mixed Panel constituted pursuant to Regulation 620.02 of jurisdiction to arbitrate customers' claims under these Arbitration Rules and Regulations. The Committee and Mixed Panels have jurisdiction to arbitrate a counterclaim asserted in such an arbitration, but only if it arises out of the transaction or occurrence that is the subject of the customers' claim or grievance and does not require for adjudication the presence of essential witnesses, parties or third persons over whom the Association does not have jurisdiction. Other counterclaims are subject to arbitration by the Committee, or a Mixed Panel, only if the customer agrees to the submission after the counterclaim has arisen.
- C. Other Member-Nonmember Controversies. The Arbitration Committee, and Mixed Panels constituted pursuant to Regulation 620.02, have jurisdiction to arbitrate all controversies between members and nonmembers arising out of Exchange business, other than customers' claims and grievances, where neither the claim nor the counterclaim is in excess of \$50,000 and where the claim is filed no more than one year after the date of the transaction giving rise to the claim or controversy. Any party may request the arbitration of such controversy by delivering to the Administrator (1) a Statement of Claim and a "Chicago Board of Trade Arbitration Submission Agreement" signed by all the parties or (2) a Statement of Claim and another arbitration agreement between the parties, which agreement conforms in all respects with any applicable requirements prescribed by the Commodity Futures Trading Commission.

\*The following is the text of Regulation 620.01(B) as amended by CFTC Rule 7.201. The legality of Rule 7.201, and thus the obligation of Board of Trade members to arbitrate customer's claims and grievances, has been the subject of litigation between the Board of Trade and one of its member firms against the CFTC since 1982. On December 30, 1986, the United States District Court for the Northern District of Illinois declared CFTC Rule 7.201 to be invalid as an unconstitutional denial of a member firm's Seventh Amendment right to a jury trial. However, on December 22, 1987, the Seventh Circuit Court of Appeals overturned the District Court's decision, thereby upholding CFTC Rule 7.201. The Board of Trade, with a member firm, filed with the United States Supreme Court a petition to review the Seventh Circuit's decision. On October 3, 1988, the Supreme Court denied the petition. The Supreme Court's ruling, in effect, reaffirms the Seventh Circuit's decision validating CFTC Rule 7.201 and compelling Association members, at the option of the customer, to arbitrate customer disputes arising out of Exchange business. (08/01/94)

620.02 Selection of Arbitrators and Chairman

- A. Customers' Claims and Grievances. Prior to the time of a customer's submission of a claim or grievance to the arbitration procedure established herein, he shall be informed that he may elect at the time of submission of the claim or grievance to have his dispute heard by an arbitration panel consisting of members selected pursuant to Subsection C of this Regulation, or by a Mixed

Panel selected pursuant to this Subsection. The customer shall be advised, prior to election of a Mixed Panel

1. that any increased expenses attendant to having such a Mixed Panel shall be borne by the member(s) regardless of the outcome of the arbitration unless the arbitrators determine that the customer acted in bad faith in initiating, or participating in, the arbitration proceeding.
2. that the Mixed Panel may have more or less knowledge in the area of commodities relevant to his claim that a panel composed entirely of members of the Arbitration Committee.

Such Mixed Panel shall be composed of five (5) persons, three of whom shall be unassociated persons, and two of whom shall be members of the Arbitration Committee, both of whom may be from the same category. The unassociated persons on such Mixed Panel shall be chosen by the Administrator by lot from the list of available unassociated persons maintained by the Administrator. The members of the Arbitration Committee shall be selected in a manner to be established by the Committee. Each panel shall be chaired by a member of the Executive Subcommittee of the Arbitration Committee.

- B. Other Member-Nonmember Controversies. The provisions of Subsection A of the Regulation shall be applicable to the arbitration of member-nonmember controversies, as well as to the arbitration of customers' claims and grievances.
- C. Other Controversies. In the case of controversies between members, or in the event that a customer or nonmember party does not elect a Mixed Panel as outlined in Subsections A and B of this Regulation, the arbitration panel shall consist of five (5) Arbitrators, to be selected from the Arbitration Committee in a manner to be established by the Committee, with at least one Arbitrator to be selected from each category described in Regulation 610.01. Each panel shall be chaired by a member of the Executive Subcommittee of the Arbitration Committee.
- D. Executive Subcommittee of the Arbitration Committee. For the purpose of this Regulation 620.02, the Executive Subcommittee of the Arbitration Committee shall consist of one Chairman, one Vice Chairman and three other members, all of whom have been appointed by the Chairman of the Board with the approval of the Board of Directors. One member of the Subcommittee must be principally engaged as a floor trader, one member must be principally engaged as a floor broker, one member must be affiliated with a brokerage firm, and one member must be affiliated with a commercial firm. The Chairman of the Subcommittee may come from any of the four categories cited in the preceding sentence. (11/01/97)

620.03 Special Arbitrators - Where the controversy is of a highly technical nature, if the parties desire, they may arrange between themselves for one or more Special Arbitrators to be convened by the Administrator, in which event such Special Arbitrator or Special Arbitrators shall proceed in accordance with the provisions of this Chapter. (08/01/94)

620.04 Time Limit for Filing Customers' Claims and Grievances - The Arbitration Committee and Mixed Panels constituted pursuant to Regulation 620.02 do not have jurisdiction to arbitrate customers' claims and grievance which are filed more than one year after the date of the transaction giving rise to the claim or controversy. (08/01/94)

620.05 Time Limit for Filing Claims in Member/Agricultural Regular Firm Controversies - The Arbitration Committee does not have jurisdiction to arbitrate controversies between members and agricultural regular firms which are filed more than one year after the date of the events giving rise to the claim or controversy. (08/01/94)

Ch6 D. Procedure

630.01 Pleadings

- A. Form of Pleadings. Pleadings shall be sufficient if they contain information which reasonably informs the other party of the nature of the claim, counterclaim, or defense. The amount of the claim or counterclaim shall be stated where possible. Provided, however, in any controversy submitted between non-members (parties who are neither customers nor members) and members or their employees, the parties shall be deemed to have agreed between themselves that no award upon a claim or counterclaim shall exceed \$50,000.
- B. Notice. The Administrator shall deliver or mail copies of all pleadings to the parties as soon as practicable.
- C. Answer and Counterclaim. The respondent shall have ten (10) business days from receipt of the Statement of Claim in which to file an answer and counterclaim, if any, with the Administrator. If the respondent does not file an answer and counterclaim, if any, within the time prescribed, the respondent will be deemed to have denied the claim and to have waived any counterclaim. The Administrator, in his discretion, may extend the filing period upon request of the respondent.
- D. Reply. The claimant shall be given the same opportunity to reply to any counterclaim as was given the respondent to answer. (08/01/94)

630.02 Third Party Actions - In an arbitration between members pursuant to the provisions of Regulation 620.01(A).

1. A party may bring in a third party member against whom a claim is asserted arising out of or in connection with transactions referred to in the pleadings.
2. A member may, in the discretion of the Arbitrators, intervene in a pending arbitration proceeding and become a party if the Arbitrators are satisfied that the claim which he asserts against either or both of the parties arises out of or in connection with the transactions referred to in the pleadings.
3. The procedures to be followed in any third party action shall be determined by the Arbitrators. (08/01/94)

630.03 Cross Claims - In an arbitration between members pursuant to the provisions of Regulation 620.01(A), parties shall have the right to assert cross claims. (08/01/94)

630.04 Representation by Attorney - A party is not required to be represented by an attorney; however, he has the right to be represented by an attorney at his own expense if he so chooses. A party who is represented by an attorney shall so notify the Administrator and shall furnish to him the attorney's name and address. Subsequent papers in the proceeding may be delivered or mailed to the party through his attorney. The arbitrators may award a party all or any portion of the party's reasonable attorneys fees and expenses incurred as a result of another party's frivolous claim or defense. The party so awarded shall submit an affidavit, detailing his attorney fees and expenses, to the Administrator with notice to the opposing party. (08/01/96)

630.05 Time and Place for Hearing - The Administrator shall set a date for the hearing after all pleadings have been filed, and shall notify the parties at least five (5) business days in advance of the time and place, with a copy of the notification to the Arbitrators. All hearings shall be held in the City of Chicago, State of Illinois. If it is determined by the Administrator that it is necessary, for any reason, to postpone the time of hearing, he shall notify the parties. When a new date for hearing is set, the parties shall be notified as soon as practicable and no less than five (5) business days before the hearing unless the time limit is waived. (08/01/94)

630.06 Witnesses, Subpoenas, Depositions - Arbitrators and parties shall have such powers in regard to compelling attendance of witnesses or the production of documents or things, or the taking of depositions, as are provided in the Uniform Arbitration Act of Illinois. (08/01/94)

630.07 Oath of Arbitrators - All Arbitrators shall be sworn faithfully and fairly to hear, examine, and determine all controversies and to make awards according to the best of their understanding. Such oath may be administered by any person authorized to administer oaths. (08/01/94)

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630.08 Hearing Procedures

- A. The Arbitrators may allow stipulations and establish such other procedures as may simplify the issues and expedite the hearing. The Arbitrators may hear and determine the controversy upon the evidence produced, notwithstanding the failure of a party duly notified to appear or to present evidence.
- B. Each of the parties or his attorney shall be permitted to make an opening statement; present witnesses and evidence material to the controversy; cross-examine witnesses, including parties to the arbitration; and present closing arguments orally or in writing as may be determined at the hearing by the Arbitrators. The Arbitrators shall not be bound by formal rules of evidence. The Arbitrators shall receive and consider the evidence of witnesses by affidavit, but shall give it only such weight as they deem it entitled to after consideration of any objections made to its submission. All testimony shall be taken under oath or affirmation. The hearing shall be formally declared closed by the Arbitrators. Such hearings may, however, in the discretion of the Arbitrators, be reopened at any time prior to the making of an award.
- C. The Arbitrators may, when they deem it appropriate, record the proceedings in whatever manner they determine. Any party may require the proceedings to be transcribed if he agrees to pay the actual cost of such transcription. The Administrator shall make the necessary arrangements for the taking of a stenographic record whenever such record is requested. (08/01/94)

630.09 Amendments To Pleadings - At any time before the hearings are declared closed, any party may move to amend his pleadings to conform to the evidence and, if the Arbitrators shall permit the amendment, the case shall be determined on the amended pleadings. (08/01/94)

630.10 Adjournments - The Arbitrators may adjourn the hearings from time to time upon the application of either party for good cause or at their own instance. (08/01/94)

630.11 Notice and Communications - Notices shall be given to the parties by the Administrator or otherwise as the Arbitrators may direct. (08/01/94)

630.12 Arbitration Procedures For Claims Under \$2,500

- A. Where claims of the parties including counterclaims, if any, are under \$2,500 in the aggregate, the dispute shall be resolved by the Arbitrators solely upon the pleadings and documentary evidence filed by the parties. A party shall have the right to take the deposition of any other party in the manner and upon terms designated by the Arbitrators.
- B. Notwithstanding the provisions of this Regulation, the Arbitrators may request the submission of further evidence in the proceedings, and the Arbitrators may, by a majority vote, call and conduct a hearing if such is deemed to be necessary. (08/01/94)

630.13 Rulings and Awards

- A. All rulings and awards shall be by a majority vote of the Arbitrators.
- B. The award shall be in writing and signed by the Arbitrators joining in the award. Such award shall be promptly rendered according to the Rules and Regulations of the Association and the laws of the land, and the award shall be final. The Arbitrators shall file the award with the Administrator and the Administrator shall deliver or mail a copy to each party.
- C. Failure to comply with an order or award of the Arbitration Committee or to pay the full amount of the award to the Exchange as escrow agent within thirty (30) days of notice of the order or award shall be deemed to be a failure to perform an Exchange contract in accordance with Rule 278.00

The amount of the award placed in escrow with the Exchange plus accrued interest shall be released to the prevailing party ninety-one days after notice of the award is issued unless a timely motion to vacate, modify or correct the award has been filed with a court of competent jurisdiction, in which case the amount shall continue to be held by the Exchange and together with accrued interest shall be disbursed upon the entry of and in accordance with a final order disposing of such motion. (08/01/94)

630.14 Change of Award - On application of a party to the Arbitrators, the Arbitrators may modify or correct the award in accordance with the Uniform Arbitration Act of Illinois. (08/01/94)



## Ch6 E. Miscellaneous Provisions

640.01 Fees and Expenses - A schedule of arbitration fees shall be established from time to time by the Arbitration Committee, with the approval of the Board. The Arbitrators, in the award, shall fix expenses and assess fees, in accordance with the Committee's schedule, in whatever manner they deem appropriate, provided that incremental costs associated with the selection of a Mixed Panel by a customer shall be borne by the member regardless of the outcome of the arbitration unless the arbitrators shall determine that the customer acted in bad faith in initiating, or participating in, the arbitration proceeding. Parties shall be notified prior to the submission of a claim of the nature and amount of fees and expenses which may be assessed against the parties to the extent that the amount of such fees and expenses may be determined prior to submission and hearing of the claim. (08/01/94)

640.02 Ex Parte Contacts - Parties are prohibited from making ex parte contacts with any Arbitrator hearing an arbitration between the parties. (08/01/94)

640.03 Holdover Arbitrators - Whenever the Arbitrators have begun to hear or review evidence and argument in any arbitration proceeding, and the term of one or more of the Arbitrators expires, such Arbitrator or Arbitrators shall continue in office until the arbitration proceeding has ended. A holdover member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of his successor or his successor's right to participate in all other Committee business. (08/01/94)

640.04 Power to Decline Jurisdiction - Arbitrators may decline jurisdiction in any case, except as provided by law. The Arbitrators may, at any time during the proceeding, except as provided by law, and shall, upon the joint request of the parties, dismiss the proceeding. (08/01/94)

640.05 Compliance With Applicable Laws - The Regulations of this Chapter shall be so construed as to comply with applicable mandatory provisions of the Commodity Exchange Act (including Regulations thereunder) and all mandatory provisions of the Uniform Arbitration Act of Illinois and, where in conflict with the mandatory provisions of such Act or Acts, the Acts shall prevail. However, these Regulations, being an integral part of all agreements for the arbitration of disputes pursuant hereto, shall supersede all provisions of the Acts which are waivable by agreement. (08/01/94)

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Ch7 Clearing House

700.00 Settlement by Clearance - All contracts, including contracts made by members upon behalf of non-members, shall be cleared through the Clearing House, and all such contracts shall be subject to the Charter, By-Laws, and Clearing Regulations of the Clearing House; except in security contracts unless otherwise stipulated in the bid or offer or it is otherwise agreed by the parties to the contract, or the Clearing House, either in the particular instance or in pursuance of its By-Laws and Resolutions, will not act in the matter. 310 (09/01/94)

701.00 Rights of Board - During 1936 the Board, by the affirmative vote of fourteen Directors and thereafter by the affirmative vote of twelve Directors, may discontinue the clearance of commodities and securities contracts through the Clearing House, and provide for such other method of clearance as may be selected. 311 (08/01/94)

702.00 Clearing House By-Laws - The Clearing House may not change its By-Laws without the consent of the Board. 312 (08/01/94)

703.00 Membership in Clearing House - The Clearing House may prescribe the qualifications of its own members. However, no person, corporation, limited liability company, partnership, or any other type of eligible business organization (hereinafter collectively referred to as "Eligible Business Organization") shall become a member of the Clearing House until approved by the Membership Committee, subject to the following conditions:

- (a) No Eligible Business Organization shall become a member of the Clearing House for the purpose of clearing trades for others unless the chief executive officer of a corporation, the managing partner of a partnership, or the managing member of a limited liability company has registered his or her membership privilege for the use of the Eligible Business Organization pursuant to Rule 230.00 and the provisions of paragraph (d) below are met. For good cause shown and if approved by the Membership Committee with the concurrence of the Governors of the Clearing House, the Eligible Business Organization may designate its principal managerial employee instead of the individual referred to above. For the purpose of this Rule, a principal managerial employee shall be the highest ranking managerial employee in the Eligible Business Organization whose duties pertain to the management of the Eligible Business Organization or any division thereof, and who is in a position to influence the Eligible Business Organization's operations with respect to commodities business. The ability to influence the eligible Business Organization's operation with respect to commodities business includes, but is not limited to, the following:
  - (1) the ability to commit the Eligible Business Organization's capital whenever required by the Exchange or the Board of Trade Clearing Corporation.
  - (2) the ability to liquidate or otherwise adjust the Eligible Business Organization's commodity futures or options positions as directed by the Exchange; and
  - (3) the authority to appear before and respond to any committee of the Exchange on behalf of the Eligible Business Organization.
- (b) An individual member of the Association or a registered partnership or a limited liability company consisting of a husband and wife who are members, may be a member of the Clearing House provided that they clear trades exclusively for their own account.
- (c) No Eligible Business Organization may be a member of the Clearing House for the purpose of clearing its own trades exclusively unless one of its managerial employees has registered his or her membership for the use of the Eligible Business Organization as provided in Rule 230.00.

The provisions of the foregoing paragraph shall apply to an Eligible Business Organization which is solely owned provided that the sole owner is a member of the Association and has registered his or her membership for the use of the Eligible Business Organization with the approval of the Membership Committee under the provisions of Rule 230.00. In such a case, the Eligible Business

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Organization may be a member of the Clearing House for the purpose of clearing its own trades exclusively.

- (d) An Eligible Business Organization may be a member of the Clearing House and clear trades for others if it conducts a substantial and continuing business in commodity futures contracts on the Exchange directly with the trading public and if two memberships for the use of the Eligible Business Organization are registered under the provisions of Rule 230.00. One of the memberships to be registered must be that of the chief executive officer of a corporation, the managing partner of a partnership, or the managing member of a limited liability company, as applicable. The second membership to be registered must be that of the second ranking managerial employee of the Eligible Business Organization.

The Membership Committee, in its discretion and for good cause shown, may allow an Eligible Business Organization to register a membership in the name of a managerial employee of the Eligible Business Organization other than the second ranking managerial employee in order to satisfy the requirements of this paragraph (d) when the second ranking managerial employee fails to meet the qualifications of the term managerial employee as defined in Rule 230.00.

- (e) A lawfully formed and conducted cooperative association of producers having adequate financial responsibility and which is engaged in any cash commodity business, may clear trades through the Clearing House provided it meets the registration requirements for Eligible Business Organizations as set forth in this Rule.
- (f) A member firm which is also a clearing member firm of the Association or a managerial employee of such firm shall not be prohibited from owning, controlling, or being a shareholder, member or limited partner in one other clearing member firm provided that when both clearing members are corporations, the second clearing member is a 100% wholly owned subsidiary of the first clearing member corporation and further provided that each clearing member must, in its own right, meet all the conditions and requirements contained in this chapter.
- (g) An Eligible Business Organization which is not a clearing member of this Association shall not be prohibited from owning and controlling two clearing members, provided that each of the two clearing members is a 100% wholly-owned subsidiary of the Eligible Business Organization and provided that each of the two clearing members meets all of the conditions and requirements contained in this chapter in its own right.
- (h) For the purpose of Rule 703.00 (c), (f) and (g), the registrant of a corporation shall be its chief executive officer or, for good cause shown, its principal managerial employee as defined in paragraph (a) above; the registrant of a partnership shall be its managing partner or, for good cause shown, its principal managerial employee as defined in paragraph (a) above; and the registrant of a limited liability company shall be its managing member or, for good cause shown, its principal managerial employee as defined in paragraph (a) above. (04/01/98)

703.00A Office Location and Operation - To be eligible for clearing privileges, an Eligible Business Organization must:

Operate under the direct supervision of the clearing member, if an individual, or of a member in good standing having full authority to transact business with the Clearing House for and on behalf of the clearing member, including entering into Exchange and members' contracts, if an Eligible Business Organization; or

Back-office operations may be located outside Chicago provided the clearing member, or applicant for clearing membership, meets any systems requirements, documentation and/or agreements as prescribed by The Chicago Board of Trade and The Board of Trade Clearing Corporation in order to ensure that the clearing member/applicant will be able to comply with The Chicago Board of Trade's and The Board of Trade Clearing Corporation's Bylaws, rules, policies and procedures.

Provided, however, that the Board of Governors of the Clearing House may permit individual members, as well as partnerships and limited liability companies composed only of members, to share office space if they clear only their personal trades and carry no accounts for customers. 31R (07/01/01)

703.00B Transition Period for Amended Rule 703.00 - Any eligible business organization which is not in compliance with the terms of amended Rule 703.00 on its effective date shall have six (6) months from that date to comply with the terms of the Rule as amended. (04/01/98)

704.00 Substitution - Where a future delivery contract is cleared through the Clearing House,

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the Clearing House shall be deemed substituted as seller to the buyer, and shall also be deemed substituted as buyer to the seller, and thereupon the Clearing House shall have all of the rights and be subject to all of the liabilities of the original parties with respect to such contract. 314 (08/01/94)

705.00 Offsets - Where a member buys and sells the same commodity for the same delivery, and such contracts are cleared through the Clearing House, the purchases and sales shall be offset to the extent of their equality, and the member shall be deemed a buyer from the Clearing House to the extent that his purchases exceed his sales, or a seller to the Clearing House to the extent that his sales exceed his purchases. 315 (08/01/94)

705.01 Reporting (Margins) - A bona fide hedger, in financial instruments, may report positions on a gross basis provided appropriate margins are paid during the delivery month, on the gross positions reported, as required by Regulation 431.02. (18) (08/01/94)

705.02 Reporting (Offsets) - A bona fide hedger, in financial instruments, reporting consistently on a gross basis under Regulation 705.01 shall, during a delivery month settle gross positions only by offsetting such positions through trades in the pit. During non-delivery months, and not later than three days prior to the first day of the delivery month, gross positions may be offset as provided for in the Rules of the Association. (08/01/94)

706.00 Trades for Customers\* - Where a member makes a trade for future delivery of commodities for a customer (member or non-member) and the trade is cleared through the Clearing House, the Clearing House becomes the principal who is liable to the customer and to whom the customer is liable, subject to the following: (a) the trade shall remain subject to the Charter, By-Laws, and Resolutions of the Clearing House; (b) the trade may be offset against other trades of the clearing member as provided in Rule 705.00; (c) if the trade is not offset and the member being a seller, tenders a delivery notice to the Clearing House, the member to whom such delivery is assigned, under Rule 1048.00, shall thereupon be substituted as buyer in lieu of the Clearing House; (d) if the trade is not offset, and the member, being a buyer, is assigned a delivery under Rule 1048.00, the seller whose delivery is thus assigned shall thereupon be substituted as seller in lieu of the Clearing House; (e) if the trade is offset, the Clearing House shall be discharged, and the member himself shall be substituted for the Clearing House as principal. For the purpose of this Rule, the first trades made shall be deemed the first trades offset. 316

\*See also Board of Trade Clearing Corporation By-Law 515. (08/01/94)

## Ch7 Deposits for Security

720.00 Amount Callable - On future delivery contracts, buyers may require sellers and sellers may require buyers to deposit, as security for faithful performance, such percentage of the market price of the commodities bought or sold as shall not be in excess of the standing margin requirements of the Clearing House. 260 (08/01/94)

721.00 Depositaries - All such deposits shall be made with the Treasurer, or with a bank approved by the Board. Such bank must have at least one executive officer who is a member, and must file a bond, approved by the Board, conditioned to dispose of such deposits according to the Rules. 261 (08/01/94)

722.00 Certificates - The depository shall issue a certificate of deposit in duplicate, giving the date and amount of the deposit and the name of the depositor and the beneficiary. It shall also state that the certificate is subject to the Rules of the Association. 262 (08/01/94)

723.00 Disposition of Duplicate Certificates - The depositor, within one hour after the call for the deposit, must deliver the duplicate certificate of deposit to the Clearing House or to the beneficiary. 263 (08/01/94)

724.00 Existing and Future Exchange Contracts - Unless otherwise provided all deposits shall constitute security for the performance of all existing or future Exchange contracts between the parties. 264 (08/01/94)

725.00 Notice of Call - Calls for deposits may be served personally upon the party called or upon his clerk or representative on Change, or by written notice left at his place of business. If he has no place of business and cannot be found, the call may be made by written notice left at the Office of the Secretary. 265 (08/01/94)

726.00 Failure to Make Deposit - Failure to make deposits for one hour after demand shall authorize but not obligate the other party to close out the trades for which security was demanded. If such trades are closed, the delinquent shall be immediately notified, whereupon any loss upon such trades shall be immediately payable through the Clearing House. 266 (08/01/94)

727.00 Return of Deposits - Upon performance or closing out of contracts secured by deposits, or upon the assumption of such contracts by the Clearing House, such deposits may be withdrawn upon the joint endorsement of depositor and beneficiary. If they cannot agree as to the disposition of the deposit, either party may apply to the Chairman of the Arbitration Committee, who shall appoint a special committee of three arbitrators before whom the dispute shall be arbitrated. The Committee shall report their findings to the Chairman of the Arbitration Committee, and thereupon the Chairman of the Arbitration Committee shall endorse the original or duplicate certificate in accordance therewith. Such endorsement shall authorize the depository to pay the deposit as directed. 267 (08/01/94)

728.00 Release of Excessive Deposits - If, by reason of market fluctuations, any deposit becomes excessive, the excess shall be released, either by the joint action of the interested parties, or by the Chairman of the Arbitration Committee, as provided in Rule 727.00. 268 (08/01/94)

729.00 Deposits to Secure Clearing House - The foregoing provisions of this Chapter shall not apply as between clearing members and the Clearing House. Deposits to secure the Clearing House shall be pursuant to the By-Laws of the Clearing House. 269 (08/01/94)

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Ch9 Definitions

901.00 Authority - Whenever used in these Rules and Regulations, unless the context otherwise requires, the following words and expressions shall be defined as follows: 1 (08/01/94)

902.00 And - May be construed as "or," and vice versa when the sense requires. 2 (08/01/94)

903.00 Association - The Board of Trade of the City of Chicago. 3 (08/01/94)

903.01 Association - The term "Association" as defined in Rule 903.00 shall include all wholly-owned subsidiaries of the Board of Trade of the City of Chicago. (08/01/94)

904.00 Board - The Directors, the Chairman of the Board, the Vice Chairman of the Board and the President. 4 (08/01/94)

905.00 Bulletin Board - The bulletin board in the Exchange Hall where notices are customarily posted. 5 (08/01/94)

906.00 Business Day - Days when the Association is open for business. 6 (08/01/94)

906.03 Regular Trading Hours ("RTH") - Those hours designated by the Board of Directors for trading during daytime hours by means of open outcry. (08/01/94)

906.04 Trading Day - (a) For agricultural contracts, each trading day (1) shall consist of two trading sessions, the e-cbot trading session and the Regular Daytime open outcry session, and (2) shall begin with the e-cbot trading session and end with the close of Regular Daytime open outcry session. (b) For contracts which are traded concurrently on e-cbot and by open outcry, the trading day (1) shall consist of two trading sessions, the e-cbot trading session and the Regular Daytime open outcry trading session, and (2) shall begin with the e-cbot trading session and end with the later of the close of the e-cbot trading session or the close of the Regular Daytime open outcry session.

Settlement prices will be derived from the close of the Regular Daytime open outcry session, except in the case of contracts which are traded exclusively on e-cbot. For contracts traded exclusively on e-cbot, settlement prices will be derived from the close of the e-cbot trading session. (09/01/00)

906.05 Trading Session - A trading session shall mean either the hours designated for e-cbot trading or the hours designated for regular daytime trading. (09/01/00)

906.06 e-cbot Trading Hours - Those hours designated by the Board of Directors for trading through the e-cbot automated order entry facility for particular contracts. (09/01/00)

907.00 Cash Grain - Spot grain and grain to arrive. 7 (08/01/94)

908.00 Cash Grain Broker - A member who negotiates purchases or sales of cash grain for a brokerage. 8 (08/01/94)

909.00 Chicago District - The Chicago District as now or hereafter defined in the joint railroad tariffs of the railroads entering Chicago. 9 (08/01/94)

910.00 Check Slips - Confirmation of trades between members, as defined in the By-Laws or Resolutions of the Clearing House. 10 (08/01/94)

911.00 Clearing House - The Board of Trade Clearing Corporation, or such other corporation or agency as may be authorized to clear trades for members. 11 (08/01/94)

912.00 Clearing Member - A member of the Association who is also a member of the Clearing House. 12 (08/01/94)

913.00 Commission Merchant - A member who makes a trade, either for another member or for a non-member, but who makes the trade in his own name and becomes liable as principal as between himself and the other party to the trade. 13 (08/01/94)

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914.00 Commodity - Any commodity which may be dealt in under Rules or Regulations of the Association. 14 (08/01/94)

915.01 DRT ("Disregard Tape" or "Not Held") Order - An order giving the floor broker complete discretion over price and time in execution of a trade, including discretion to execute all, some or none of the order. It is understood the floor broker accepts such an order solely at the risk of the customer on a "not held" basis. (02/01/95)

915.02 All-or-None Order - An order to be executed only for its entire quantity at a single price and with a size at or above a predetermined threshold. (07/01/00)

916.00 Exchange Contracts and Members' Contracts - All contracts of members of the Association, or of firms or corporations registered under the Rules and Regulations, with other members of the Association, or firms or corporations registered under the Rules and Regulations, for the purchase or sale of commodities, or for the purchase, sale, borrowing, loaning, or hypothecation of securities, or for the borrowing, loaning or payment of money, whether occurring upon the floor of the Exchange or elsewhere, are members' contracts.

Exchange Contracts shall include all Members' Contracts:

- (1) Made on the Exchange;
- (2) Not made on the Exchange, unless made subject to the rules of another Exchange, or unless the parties thereto have expressly agreed that the same shall not be Exchange Contracts.

The provisions of the Rules and Regulations of the Association shall be part of the terms and conditions of all Exchange Contracts and all such contracts shall be subject to the exercise by the Board, the Standing Committees, and the Clearing House of the powers in respect thereto, vested in them by the Rules and Regulations. And all such contracts shall be subject to all Rules or Regulations subsequently adopted, where such Rules or Regulations are expressly made applicable to existing contracts. 16 (08/01/94)

917.00 Floor Broker - A member who makes contracts for the account of other members. 17 (08/01/94)

918.00 Following Day, or other similar expression - The following business day. 18 (08/01/94)

919.00 Future Delivery Contract - A contract made on Change for the purchase or sale of any commodity for delivery in the future pursuant to the Rules and Regulations. (08/01/94)

920.00 Grain - Wheat, corn, oats, rye, barley, flaxseed, soybeans and grain sorghum. 20 (08/01/94)

921.00 Grain to Arrive - Grain originating at outside points for shipment to or shipped to the Chicago District, subject to Chicago Board of Trade weights or Chicago inspection. 21 (08/01/94)

922.00 Holiday - Any day declared to be a holiday by Regulation or Resolution adopted by the Board of Directors of this Association. 22 (08/01/94)

923.00 List - The list of securities admitted to dealings on the Exchange. 23 (08/01/94)

924.00 Member - A member of the Association. 24 (08/01/94)

924.01 Membership on Committees - The term "member", as used throughout these Rules and Regulations for eligibility for membership on Standing or Special Committees, shall include only those members who hold a Full or Associate Membership.

Delegates of Full or Associate Memberships who do not hold in their own name a Full or Associate Membership are eligible to serve as full voting members on any Standing or Special Committee of the Association, unless otherwise specified in these Rules and Regulations, except for the following Committees:

Appellate; Arbitration; Business Conduct; Executive; Finance; Financial Compliance; Floor Broker; Floor Conduct; Floor Governors; Hearing; Strategy; Membership; Nominating; Regulatory Compliance; Audit; and Human Resources.

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The Chairman of the Board, or the Board, may appoint any such delegate to a Special or Ad Hoc Committee if that delegate has unique and valuable expertise to offer to that Committee. However, if any such Special or Ad Hoc Committee shall later be determined to be a Standing Committee, the eligibility of any such delegate as a full voting member on that Committee shall be referred to the Regulatory Compliance Committee.

None of the foregoing shall prohibit the Chairman of the Board, or the Board, from appointing such delegates as non-voting advisors to any committee.  
(02/01/99)

924.02 Status of GIMS, IDEMs and COMs - The holders of GIM, IDEM and COM membership Interests are, and shall be deemed to be, "members" of the Board of Trade of the City of Chicago, Inc. For purpose of the Delaware General Corporation law, as amended from time to time.

925.00 Non-clearing Member - A member of the Association who does not clear trades in his own name. 25 (08/01/94)

926.00 Non-member - A non-member of the Association. 26 (08/01/94)

927.00 Notice - A notice in writing served personally upon the person to be notified, or left at his usual place of business during business hours, or mailed by registered mail to his residence. 27 (08/01/94)

928.00 On the Exchange, or on Change - In the Exchange Halls or through Exchange facilities including an approved automated order entry facility during trading hours on business days. 28 (08/01/94)

929.00 Outside Points - Points outside of the Chicago District. 29 (08/01/94)

930.00 President - The Chief Executive Officer of the Association. 30  
(08/01/94)

931.00 Privilege of the Floor - The privilege of coming on the floor of the Exchange. 31 (08/01/94)

932.00 Railroad Receipts - Bills of lading, or railroad receipts therefor, or switching receipts. 32 (08/01/94)

933.00 Regulations - The Regulations of the Association adopted by the Board or a Committee designated pursuant to Rule 132.00 to promulgate regulations. 33  
(08/01/94)

934.00 Rules - The Rules of the Association adopted by the membership.

In all such expressions as "under the Rules," "according to the Rules:" or "subject to the Rules," the word "Rules" shall mean the Charter, Rules, and Regulations of the Association and all amendments thereto. 34 (08/01/94)

935.00 Secretary - The Secretary of the Association. 35 (08/01/94)

936.00 Security or Securities - Stocks, Bonds, Notes, Certificates of Deposit or Participation, Trust Receipts, Rights, Warrants, and other similar instruments. 36 (08/01/94)

937.00 Singular - Shall import the plural, and vice versa, when the sense requires. 37 (08/01/94)

939.00 Spot Grain - Grain located in the Chicago District subject to sale for immediate delivery. 39 (08/01/94)

940.00 Stop Order or Stop Loss Order - An order to buy or sell when the market reaches a specified point. A stop order to buy becomes a market order when the commodity or security sells (or is bid) at or above the stop price. A stop order to sell becomes a market order when the commodity or security sells (or is offered) at or below the stop price. 40 (08/01/94)

941.00 Board Order or Market If Touched Order - An order to buy or sell when the market reaches a specified point. A board order, or a market if touched order to buy becomes a market order when the commodity or security sells (or is offered) at or below the order price. A board order or a market if touched order to sell becomes a market order when the commodity or security sells (or is bid) at or above the order price. 40A (08/01/94)

942.00 Trade - Transaction on change executed in the Exchange Halls or through Exchange facilities including an approved automated order entry facility. 41 (08/01/94)

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943.00 Transaction on Change - Any purchase or sale of any commodity or security in the Exchange Halls or through Exchange facilities including an approved automated order entry facility system during trading hours on business days. 42 (08/01/94)

944.00 Treasurer - The Treasurer of the Association. 43 (08/01/94)

945.00 Chairman of the Board - The presiding officer of the Board of Directors. 29A (08/01/94)

946.00 Financial Instrument Contract - Financial Instrument Contract means any contract in respect to Mortgage Backed Certificates Guaranteed by the Government National Mortgage Association, obligation of the United States or other public agencies, private commercial paper and any other instrument evidencing or securing a contribution, loan or borrowing of funds which may be designated as a Financial Instrument Contract by the Board of Directors. (08/01/94)

948.00 Volatility Quote - An alternative means of quoting options, or combinations involving options, by bidding or offering the implied volatility. Any transactions quoted in volatility terms will be translated into price terms for clearing purposes by means of a standard options model maintained and disseminated by the Exchange. (08/01/94)

949.01 e-cbot - e-cbot is a screen-based electronic trading system for trading futures and options on futures contracts and such other products as determined by the Board pursuant to Chapter 9B. (09/01/00)

949.02 e-cbot Terminal Operator - An e-cbot terminal operator is a person who has been identified to the Exchange by an individual member or member firm as authorized to enter orders through e-cbot. (09/01/00)

949.03 User - A User is a non-member, including an affiliate of a member firm, that has been authorized by its clearing member to have a direct connection to e-cbot in accordance with Regulation 98.04(b). (12/01/01)

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9B.01 Applicability of Rules - The rules and regulations contained in this Chapter govern those Exchange contracts which are traded through the e-cbot system. To the extent that the provisions in this Chapter conflict with rules and regulations in other sections of this Rulebook, this Chapter supersedes such rules and regulations and governs the manner in which contracts are traded through the e-cbot system. Otherwise, contracts traded on the e-cbot system are fully subject to applicable general rules and regulations of the Exchange unless specifically and expressly excluded therefrom. (09/01/00)

9B.02 Hours - The Board of Directors shall expressly determine the hours during which the e-cbot system shall operate for the trading of each contract or product; however, any such agricultural contract or product shall be precluded from trading through the e-cbot system during those hours which are now or in the future designated for trading that contract or product by means of open outcry.

On the last day of trading of an expiring future, a system notice will be sent to all users on the e-cbot system designating the beginning of the one minute close of the expiring future. Trading shall be permitted thereafter for a period not to exceed one minute.

The following additional provisions shall apply with respect to agricultural contracts and agricultural products:

- - The Board of Directors shall determine e-cbot trading hours only if such hours are between 6:00 p.m. and 6:00 a.m. (Chicago time).
- - e-cbot trading hours outside of the 6:00 p.m. to 6:00 a.m. timeframe shall be subject to approval by membership ballot vote pursuant to Rule 109.00. (09/01/00)

9B.03 Products - The Board of Directors shall determine the contracts and/or products which shall be traded through or listed on the e-cbot system, subject to the following restriction:

Each existing and prospective agricultural futures and options contract shall be restricted from trading through or listed on the e-cbot system unless approved by affirmative vote of a majority of votes cast in a vote of the membership pursuant to Rule 109.00. (09/01/00)

9B.04 Direct Connection - (a) Direct Member Connection - Every member of the Exchange who has registered with the Exchange is eligible to effect transactions through the e-cbot system. Solely for purposes of this Chapter, the owner or delegate of a Full or Associate Membership shall be entitled to register under Rule 230.00 for an eligible business organization admitted to trading at Eurex Deutschland, solely to conduct non-clearing business on e-cbot. (b) Direct User Connection - A Primary Clearing Member may authorize the extension of a direct e-cbot connection to one or more of its non-member customers or affiliates, who are registered with the Exchange as Users and for whom no other Clearing Member has authorized a direct connection. Such Primary Clearing Member guarantees the financial obligations of such User arising from its use of e-cbot, and shall give the Exchange notice of its authorization for a direct connection in writing signed by an authorized officer of the Primary Clearing Member. All transactions by or on behalf of a User on e-cbot shall be subject to non-member transaction fees. (12/01/01)

9B.05 Training Requirement - Members, Users and terminal operators must complete a general proficiency course prior to obtaining a direct connection to e-cbot. (12/01/01)

9B.06 e-cbot Terminal Location - Terminals which are directly connected to e-cbot may be placed in the following locations:

- (a) Floor Terminals - Terminals which are directly connected to e-cbot may be located on the floor of the Exchange for use by members registered with the Exchange. Terminals may also be placed within a member firm's floor booth space for use by members and by non-member terminal operators who do not maintain an associated person registration.
- (b) Office Terminals - Upon application to the Exchange, a terminal which is directly connected to e-cbot may be located within the offices of a member or member firm. The number of terminals located within the offices of a member firm, excluding individual members' terminals, with a direct connection to e-cbot at any one time shall not exceed the number of memberships registered with the Exchange on behalf of the member firm pursuant to Rule 230.00; provided that the foregoing limitation shall not apply to a member firm for terminals which are located within its offices and which: (1) are utilized for the entry of orders on behalf of customers of the member firm or (2) are utilized for the entry of orders for the member firm's own accounts as that term is used in Regulation 450.02.
- (c) Terminals which are directly connected to e-cbot may be placed in other locations with the approval of the Board. (12/01/01)

9B.07 e-cbot Terminal Operators (a) Employees of Members - Each e-cbot terminal operator shall be identified to the Exchange by the individual member or member firm employing such terminal operator, in the manner prescribed by the Exchange, and shall be subject to the rules of the Exchange, including but not limited to the rules of this Chapter and rules relating to order handling, trade practices and disciplinary proceedings. It shall be the duty of the member or member firm to supervise the e-cbot terminal operator's compliance with Exchange rules, and any violation thereof by such terminal operator may be considered a violation by the member or member firm. Each member or member firm employing an e-cbot terminal operator shall notify the Exchange immediately, in the manner prescribed by the Exchange, whenever the terminal operator's authority to act as such has been revoked. Each member firm employing an e-cbot terminal operator must make appropriate provisions, consistent with the rules of the Exchange, for the entry of any e-cbot orders in the event that its terminal operator is, or all of its terminal operators are, unavailable to perform such function. (b) Users and Employees of Users -- Each User and each e-cbot terminal operator employed by a User shall be identified to the Exchange by such User's Primary Clearing Member, and shall be subject to the rules of the Exchange, including but not limited to the rules of this Chapter and rules relating to order handling, trade practices and disciplinary proceedings. It shall be the duty of the Primary Clearing Member to supervise the compliance by such User and its e-cbot terminal operators with the Exchange rules, and any violation thereof by such User or such e-cbot terminal operator may be considered a violation by the Primary Clearing Member. A User's Primary Clearing Member shall notify the Exchange immediately when the authority of a User or an e-cbot terminal operator employed by a User to be connected to e-cbot has been revoked. (12/01/01)

9B.08 Clearing Member Authorization - Each non-clearing member or User who enters transactions through the e-cbot system for contracts which are guaranteed and cleared by the Clearing House, must obtain authorization from a single clearing member (the "Primary Clearing Member"). The Primary Clearing Member shall guarantee and assume financial responsibility for all such contracts traded through e-cbot by such non-clearing member or User. A non-clearing member or User must furnish the Exchange with written authorization from the Primary Clearing Member permitting such non-clearing member or User, without qualification, to submit trades effected through the e-cbot system through the Primary Clearing Member. The Primary Clearing Member shall be liable upon all such trades made by the non-clearing member or User and shall be a party to all disputes arising from trades between the authorized non-clearing member or User and another member, member firm or User.

A non-clearing member or User may be authorized to enter transactions through the e-cbot system by a clearing member other than the its Primary Clearing Member pursuant to Rule 333.00, provided written permission has been granted by such non-clearing member's Primary Clearing Member, and provided further that the non-clearing member or User is not authorized to enter transactions through the e-cbot system by his Primary Clearing Member or any other clearing member.

A clearing member that provides e-cbot trading authorization to a non-clearing member or User may, revoke such authorization and may terminate such person's connection to e-cbot without prior notice. Written notice of the revocation of clearing authorization shall be provided to the Exchange, and shall thereby cancel all orders of the non-clearing member or User in the e-cbot system. Unless otherwise specified by the Primary Clearing Member, a member whose connection to e-cbot has been terminated shall not automatically be denied access to the Floor of the Exchange during Regular Trading Hours. A person whose Primary Clearing Member has revoked authorization shall not be connected to e-cbot until another clearing member has designated itself as that person's Primary Clearing Member.

In the case of a person who has been provided an e-cbot authorization from a clearing member other than his Primary Clearing Member, the Primary Clearing Member may terminate the person's ability to place orders through the e-cbot system by notifying the clearing member providing the authorization, who will be responsible for ensuring that such person is not able to place orders through the e-cbot system. (12/01/01)

9B.09 e-cbot Opening -

- (a) Prior to the commencement of trading, orders and quotes may be entered into the e-cbot system until the time set by the Exchange.
- (b) Trading begins with the determination of an opening price for each option series and each futures contract. The Opening Period consists of the Pre-Opening period and the netting process. For the purpose of determining a particular opening price, additional orders and quotes may be entered until a time established by the Exchange; a preliminary opening price will be continuously displayed during this period (the "Pre-Opening Period"). Quotes may be individually canceled or amended during the Pre-Opening Period, but all quotes for an individual product may not collectively be changed, canceled or withdrawn from trading during this period. During the subsequent netting process, the greatest possible number of

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orders and quotes contained in the system shall be matched for the purpose of determining a final opening price of each option series and futures contract. The Exchange does not guarantee the execution of any order or quote at such opening price.

The Opening Period with respect to a product shall end as soon as the netting process has been completed for all option series and/or all futures contracts based on such product.

If no market orders exist for any option series or futures contract and matching between limit orders or limit orders and quotes is not possible, the Opening Period shall end without the determination of an opening price.

- (c) Options contracts will not open until the underlying futures contract has opened. (09/01/00)

9B.10 e-cbot Orders - An e-cbot order may contain one of the following designations:

- (a) Day Open - an order which, by its terms, will be cancelled, if not executed, at the conclusion of the trading day.
- (b) Good-Till-Cancelled ("GTC") Open - an order which, by its terms, will be eligible for execution for the current and all subsequent e-cbot trade sessions until executed or cancelled.
- (c) Stop orders to buy or sell futures contracts that specify a price and are designated as "stop orders" at the time of entry. If the price specified in a stop order (the trigger price) is reached or exceeded, the stop order will be converted into a market order pursuant to an automatic selection process in the chronological order of their entry. These orders will then be executed in the order of the times of their conversions to market orders along with any other incoming market orders, in accordance with the general principles for matching of market orders for futures contracts. Stop orders will be entered into a separate order book.
- (d) Market orders - an order to buy or sell a stated quantity at the best price obtainable.
- (e) Fill-or-kill - an order which, by its terms, is cancelled if it is not filled in full immediately.
- (f) Limit order to buy or sell - an order to buy or sell a stated quantity at a specified price, or at a better price, if obtainable. (09/01/00)

9B.11 Order Entry - (a) Individual members are eligible for member transaction rates on such e-cbot orders as their membership category permits.

(b) An individual member, a User or a non-member terminal operator who is registered as a floor broker or associated person or in a comparable capacity under applicable law may (1) enter orders on behalf of customers of a clearing member or (2) supervise the entry of orders with the prior approval of the clearing member responsible to clear such orders.

(c) Customer orders must be (1) entered from a terminal located on the floor, in a main office or in a branch office, as defined in Rule 475.00, or (2) received from an automated order entry system at a server located at a main office or branch office registered with the Exchange, or (3) entered by a User.

(d) However, if an individual member does not maintain an associated person or floor broker registration, but is employed in the office or branch office of a member firm, the member may enter customer orders subject to the same restrictions that apply to a non-member employee except that a member may enter his own orders.

(e) Member firms are eligible for member transaction rates on such proprietary e-cbot orders as their membership registration permits.

(f) Non-member employees of a member firm who do not maintain an associated person or floor broker registration with the Commodity Futures Trading Commission or comparable registration under applicable law may:

- (1) Enter customer orders only on a non-discretionary basis;
- (2) Enter orders for the member firm's account from e-cbot terminals located on the trading floor only on a non-discretionary basis;
- (3) Enter orders for the proprietary account of the member firm or its wholly-owned affiliate from e-cbot



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terminals located off of the trading floor on a discretionary or non-discretionary basis. However, such individuals may enter proprietary orders on a discretionary basis only if they trade solely for such proprietary accounts, and do not enter or handle customer orders; and

(4) Not be compensated on a commission or per contract basis for customer orders; and

(5) Not enter orders into a terminal located within a pit on the Floor. A non-member employee of a single individual member may enter orders into a terminal located within a pit solely for the account of that employing member.

(g) Non-member employees of a member firm or User who are registered as associated persons or floor brokers may enter customer orders and orders for its proprietary account on a discretionary or non-discretionary basis.

(h) Non-member employees of a member or member firm shall not have any interest whatsoever in an account which contains positions in contracts or products traded through e-cbot.

(i) A non-member employee of an individual member, member firm or User may enter orders for customers of an individual or entity other than his/her employer solely for purposes of disaster recovery.

(j) A non-member terminal operator registered as an associated person or floor broker is prohibited from entering orders into terminals located on the Floor.

(k) It shall be the duty of each member, User or terminal operator entering orders into the e-cbot System to: (1) sign onto the e-cbot System before entering orders by inputting the e-cbot user identification and (2) input for each order, the price, quantity, commodity, contract month, CTI code and account designation, and, for options, the strike price, "put" or "call," expiration month, and whether the order initiates or closes a position.

With respect to orders received by a member, User or terminal operator which are capable of being immediately entered into the e-cbot system no record other than that set forth above need be made. However, if a member or terminal operator receives an order which cannot be immediately entered into the e-cbot system, the member or terminal operator must prepare a written order and include the account designation, date, time of receipt and other required information. The order must be entered into the e-cbot system when it becomes executable.

(04/01/02)

9B.12 Spreads/Reversals/Conversion Transactions- (See 352.01) and (See 352.01A)  
(09/01/00)

9B.13 Give-ups - Give-ups shall be handled in accordance with Regulation 444.01. (09/01/00)

9B.14 Bunched Orders - Bunched orders for discretionary accounts may be entered through e-cbot. Such orders may be entered by using a series designation rather than including each of the individual account numbers on the order. The series designation may only be used when a written, pre-determined allocation scheme that defines the series has been provided to the futures commission merchant accepting the order prior to the time that such order is given. If such information has not been provided to the futures commission merchant prior to the time of order entry, each account number must be entered into e-cbot. Bunched orders for non-discretionary accounts may be entered through e-cbot only in the following instances:

- A. The orders underlying the bunched order are either stop orders or stop/limit orders;
- B. Each stop order or stop/limit order underlying the bunched order must be reduced to writing in accordance with Regulation 465.01;
- C. Each order underlying the bunched order must reflect the same stop price in instances of a stop order or the same stop price and limit price in instances of a stop/limit order;
- D. Each terminal operator must provide a bunched order indicator when entering a bunched order; and
- E. Allocation of the executed bunched order must be based only on time of receipt of the underlying orders.

The Exchange shall make available to clearing members, at regular intervals, notifications that bunched orders have been executed through e-cbot. Each clearing member shall be responsible for providing to the Exchange the account allocation for bunched orders entered through its terminals and those terminals that it guarantees for others. Each clearing member that is required to provide account allocations to the Exchange must do so within the time limit specified by the Exchange. (09/01/00)

9B.15 Misuse of e-cbot - Misuse of the e-cbot system is strictly prohibited. It shall be deemed an act detrimental to the interest and welfare of the Exchange either willfully or negligently to engage in

unauthorized access to e-cbot, to assist in any individual's obtaining unauthorized access to an e-cbot terminal, to trade on the e-cbot system without the authorization of a clearing member, to alter the equipment associated with the system, to interfere with the operation of the system, to use or configure a component of the system in a manner which does not conform to the Technical Regulations set forth at Appendix 9B, to intercept or interfere with information provided on or through the system, or in any way to use the system in a manner contrary to the rules of the Exchange. (09/01/00)

9B.16 Trading Against Customers' Orders Prohibited '- (a) During an e-cbot trading session, a member, e-cbot terminal operator or User shall not knowingly cause to be entered, or enter into a transaction in which he (or any other person or entity with whom he has a relationship) assumes the opposite side of any order entered on behalf of a customer.

A limit order to buy and a limit order to sell and/or quotes relating to the same contract, if they are immediately executable against each other, and if they are for different account owners, may be entered consecutively by a member, e-cbot terminal operator or User subject to paragraph (b) below.

(b) Cross Trades or Trades Based on Pre-Execution Discussions:

Members, employees of member firms or Users may communicate with potential counterparties regarding interest in executing a particular transaction prior to the entry of an order on e-cbot pursuant to an understanding based on pre-execution discussions (a pre-arranged trade) if:

(1) the elapsed time between the two entries is:

- (A) at least 15 seconds in the case of options contracts, and
- (B) at least 5 seconds in the case of futures contracts; and

(2) prior to entering the order, the member, e-cbot terminal operator or User enters a cross-request into the e-cbot system.

If a member, e-cbot terminal operator or User issues a cross-request (including the intended quantity), orders or quotes giving rise to the cross-trade must be entered within the following time parameters or the cross-request will expire:

- in the case of options, no less than 15 seconds but no more than 75 seconds after entry of the cross-request,
- in the case of futures contracts, no less than 5 seconds but no more than 35 seconds after the entry of the cross-request.

Pre-execution discussions within the same firm are prohibited. A member or employee of a member firm who receives an order cannot contact proprietary traders or other customers within that firm or its affiliates to negotiate interest in taking the other side of an order.

Violation of this provision shall constitute an act detrimental to the interest and welfare of the Exchange. (12/01/01)

9B.16A Trading Against Own Orders Prohibited - During an e-cbot trading session, a member or User shall not knowingly cause to be entered, or enter into, a transaction in which he assumes the opposite side of an order entered on behalf of the his own account. (12/01/01)

9B.17 Priority of Execution - Orders received by a member or e-cbot terminal operator shall be entered into the e-cbot system in the order received. Orders that cannot be immediately entered into e-cbot must be entered when the orders become executable in the sequence in which the orders were received. (09/01/00)

9B.18 Disciplinary Procedures - All suspensions, expulsions and other restrictions imposed upon a member, a terminal operator or a User by the Exchange pursuant to disciplinary procedures contained in Chapters 2 and 5 of the

Exchange's rules shall restrict with equal force and effect access to and use of the e-cbot system. (12/01/01)

9B.19 Termination of e-cbot Connection - The Exchange shall have the right summarily to terminate the connection of a member, terminal operator or User to e-cbot in accordance with Regulation 201.02, Rule 270.00, Regulation 270.01, Rule 278.00, Rule 521.00 and Regulation 540.06. Users shall be subject to the foregoing rules and regulations. (12/01/01)

9B.20 Records of Transactions Effected Through the e-cbot System - All written orders and any other original records pertaining to transactions effected through the e-cbot system must be retained for five years. Otherwise, the data contained in the e-cbot system shall be deemed the original record of the transaction. The President or his designee may require immediate proof of compliance with this provision. Violation of this provision may constitute an act detrimental to the interest and welfare of the Exchange. (09/01/00)

9B.21 e-cbot Limitation of Liability - Except in instances where there has been a finding of willful or wanton misconduct, in which case the party found to have engaged in such conduct cannot avail itself of the protections in this provision, neither the Exchange (including its subsidiaries and affiliates), the Clearing House, Ceres Trading Limited Partnership, Ceres Alliance L.L.C., CBOT/Eurex Alliance L.L.C., Eurex Zurich AG, Eurex Frankfurt AG, Deutsche Borse AG, the Swiss Stock Exchange, Deutsche Borse Systems AG, members, clearing members, or other persons acting as agents nor any of their officers, directors or employees, shall be liable for any loss, damage or cost (including attorney's fees and court costs), whether direct, indirect, special, incidental, consequential, lost profits or otherwise of any kind, regardless of whether any of them has been advised or is otherwise aware of the possibility of such damages, arising out of the use or performance of the e-cbot system, any component(s) thereof, or any fault, failure, malfunction or other alleged defect in the e-cbot system, including any inability to enter or cancel orders in the e-cbot system, or any fault in delivery, delay, omission, suspension, inaccuracy or termination, or any other cause in connection with the furnishing, performance, maintenance, use of or inability to use all or any part of the e-cbot system, including but not limited to, any failure or delay in transmission of orders or loss of orders resulting from malfunction of the e-cbot system, disruption of common carrier lines, loss of power, acts or failures to act of any third party, natural disasters or any and all other causes.

The foregoing shall apply regardless of whether a claim arises in contract, tort, negligence, strict liability or otherwise. The foregoing limitations are cumulative and shall not limit or restrict the applicability of any other limitation or any rule, regulation or bylaw of the Exchange or the Clearing House. The foregoing shall include and apply to any action or inaction of any employee or agent of the Electronic Trading Systems Control Center. The foregoing shall not limit the liability of any member, clearing member, or other person acting as agent or any of their respective officers, directors or employees for any act, incident, or occurrence within their control.

There are no express or implied warranties or representations provided by the Exchange (including its subsidiaries and affiliates), the Clearing House, Ceres Trading Limited Partnership, Ceres Alliance L.L.C., CBOT/Eurex Alliance L.L.C., Eurex Zurich AG, Eurex Frankfurt AG, Deutsche Borse AG, the Swiss Stock Exchange, Deutsche Borse Systems AG, members, clearing members, or their agents, relating to the e-cbot system or any Exchange services or facilities used to support the e-cbot system, including, but not limited to, warranties of merchantability and warranties of fitness for a particular purpose or use.

If any of the foregoing limits on the liability of the Exchange (including its subsidiaries and affiliates), the Clearing House, Ceres Trading Limited Partnership, Ceres Alliance L.L.C., CBOT/Eurex Alliance L.L.C., Eurex Zurich AG, Eurex Frankfurt AG, Deutsche Borse AG, the Swiss Stock Exchange, Deutsche Borse Systems AG, members, clearing members or other persons acting as agents or any of their officers, directors or employees should be deemed to be invalid, ineffective, or unenforceable and a third party sustains a loss, damage or cost (including attorney's fees and court costs) resulting from use of the e-cbot system, the entire liability of the Exchange (including its subsidiaries and affiliates), the Clearing House, Ceres Trading Limited Partnership, Ceres Alliance L.L.C., CBOT/Eurex Alliance L.L.C., Eurex Zurich AG, Eurex Frankfurt AG, Deutsche Borse AG, the Swiss Stock Exchange, Deutsche Borse Systems AG, members, clearing members and their agents or any of their officers, directors or employees shall not exceed the brokerage commissions and any other charges actually paid by the third party for services in connection with the e-cbot trading system.

Notwithstanding any of the foregoing provisions, this provision shall in no way limit the applicability of any provision of the Commodity Exchange Act, as amended, and Regulations thereunder. (09/01/00)

9B.22 Volatility Quotes - Any options contract and/or combination (i.e., a transaction including both

options and futures contracts), which has been approved for trading through e-cbot in accordance with Rule 9B.03, may at the discretion of the Board of Directors trade by means of quoting the implied volatility for the underlying futures contract, in addition to and simultaneous with trading the actual premium price of the option. Upon execution of a transaction in an option or combination quoted in terms of implied volatility, the quote shall be assigned a price in accordance with a standard option pricing model approved by the Board.

Implied volatility quotations for options and combinations, whether quoted in terms of implied volatility or price, shall be deemed an Exchange market quotation subject to the approval and control of the Exchange. (09/01/00)

9B.23 e-cbot Customer Information Statement - No member or clearing member shall accept an order from, or on behalf of, a customer for entry into e-cbot, unless such customer is first provided with an e-cbot Customer Information Statement in a form approved by the Exchange. (09/01/00)

9B.24 Foreign Users and Affiliates - The foreign office of a non-member foreign affiliate or foreign User may be connected directly to e-cbot for the entry of proprietary and customer orders, provided: the member firm and its non-member foreign affiliate or foreign User shall comply with all the terms and conditions set forth in Commodity Futures Trading Commission Interpretive Letter 92-11, as modified by Interpretive Letter 93-83 and any future modifications; that the member firm shall supervise and be responsible for the non-member foreign affiliate or User and shall guarantee and assume financial responsibilities for each such transaction effected through e-cbot; and, that each Rule and Regulation of the Exchange shall apply with equal force and effect to the foreign affiliate and to the User and to those transactions entered into e-cbot by the non-member foreign affiliate or non-member foreign User.

An e-cbot "Foreign Affiliate" shall be defined as a foreign affiliate entity of a member firm or an entity which is controlled by a parent entity which also controls the member firm. (12/01/01)

9B.25 Cabinet trades - Notwithstanding any other provision of these rules, cabinet trades shall not be permitted in futures options contracts on e-cbot. (09/01/00)

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1004.00 Unit of Trading - On future delivery contracts calling for the delivery of commodities, delivery shall be made in the following quantities or multiples thereof:

Wheat, corn, oats and soybeans-5,000 bushels

Other commodities - Units of trading established by these Rules and Regulations

Each delivery of grain may be made up of various lots of grain of the various authorized grades situated in or for shipment from various eligible warehouses or shipping stations, provided that no lot delivered shall contain less than 5,000 bushels of any one grade in any one warehouse or shipping station. 290 (03/01/00)

1005.01A Months Traded In - Trading in wheat, corn and oats is regularly conducted in five different months - March, May, July, September and December but shall be permitted in the current delivery month plus any succeeding months. The number of months to be open at one time shall be at the discretion of the Exchange.

Trading in soybeans is regularly conducted in seven different months - January, March, May, July, August, September and November but shall be permitted in the current delivery month plus any succeeding months. The number of months to be open at one time shall be at the discretion of the Exchange.

Trading in Crude Soybean Oil and Soybean Meal is regularly conducted in eight different months - January, March, May, July, August, September, October and December but shall be permitted in the current delivery month plus any succeeding months. The number of months to be open at any one time shall be at the discretion of the Exchange. 30R (04/01/02)

1006.00 Price Basis - Future delivery contracts on grain shall be in multiples as set by the Board by Regulation. (09/01/94)

1006.01 Price Basis -

- A. Soybeans. The minimum fluctuation shall be 1/4 cent, including spreads.
- B. Corn. The minimum fluctuation shall be 1/4 cent, including spreads.
- C. Wheat. The minimum fluctuation shall be 1/4 cent, including spreads.
- D. Oats. The minimum fluctuation shall be 1/4 cent, including spreads.

Settlements are to be calculated to the nearest 1/4 cent. 1972 (09/01/94)

1007.00 Hours for Trading - Hours for trading for future delivery in grains, crude soybean oil and soybean meal shall be from 9:30 a.m. to 1:15 p.m. except that on the last day of trading in an expiring future the hours with respect to such futures shall be from 9:30 a.m. to 12 o'clock noon, subject to the provisions of the next succeeding paragraph of this Rule 1007.00.

On the last day of trading in an expiring future, a bell shall be rung at 12 o'clock noon designating the beginning of the close of the expiring future. Trading shall be permitted thereafter for a period not to exceed one minute and quotations made during this time shall constitute the close. The above time constraints do not apply to options contracts which close by public call.

The hours may be shortened or the Exchange may be closed on any day or days pursuant to

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Regulation adopted by the Board.

Hours for trading for future delivery in other commodities shall be fixed by Regulation adopted by the Board.

No such trading shall take place except in the Exchange Hall or on Exchange facilities including an approved automated order entry facility during such hours as the Board shall designate. The Association shall conform to Chicago time. 252 (04/01/97)

1007.01 The Opening and Closing of Oats Trading - Trading for future delivery in Oats shall be opened and closed with a public call made month by month, conducted by such persons as the Regulatory Compliance Committee shall direct. 1975 (08/01/96)

1007.02 Modified Closing Call - Immediately following the prescribed closing procedure for all contracts, there shall be a two (2) minute trading period (the "modified closing call"). All trades which may occur during regularly prescribed trading hours may occur during the call at prices within the lesser of the actual closing range or a range of three (3) official trading increments, i.e., one (1) increment above and below the settlement price; at prices within the lesser of the actual closing range or a range of five (5) official trading increments, i.e., two (2) increments above and below the settlement price; or at prices within the lesser of the actual closing range or a range of nine (9) official trading increments, i.e., four (4) increments above and below the settlement price, as the Regulatory Compliance Committee shall prescribe; (ii) no new customer orders may be entered into the call; (iii) cancellations may be entered into the call; (iv) stop, limit and other resting orders elected by prices during the close may be executed during the call; (v) individual members may trade as a principal and/or agent during the call; (vi) individual members may enter orders for their own accounts into the call; and (vii) member firms, and those entities which are wholly-owned by member firms or that wholly-own member firms, trading for such firms' or entities' own proprietary accounts may initiate trades or enter orders into the call. The proposed settlement price shall be the midpoint of the closing range unless extenuating circumstances exist under which the pit committee can justify setting the proposed settlement price at a price different from the midpoint. If the proposed settlement price differs from the midpoint of the closing range, then the pit committees are required to document the basis for the deviation. Such documentation must be signed by two members of the pit committee.

In accordance with the determination of the Regulatory Compliance Committee, CBOT contracts shall be traded during the Modified Closing Call as follows:

Lesser of actual closing range or three trading increments	Lesser of actual closing range or nine trading increments
	Corn Futures and Options
	Wheat Futures and Options
	Soybean Futures and Options
	Soybean Oil Futures and Options
U.S. Treasury Bond Futures and Options	Soybean Meal Futures and Options
Five Year Note Futures and Options	Oat Futures and Options
Two Year Note Futures	Rough Rice Futures and Options
Municipal Note Index Futures	
Thirty Day Fed Fund Futures	CBOT Dow Jones Industrial Average/SM/ Index Futures and Options
	CBOT X-Fund Futures



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 Lesser of actual closing range or  
 five trading increments  
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Ten Year Note Futures and Options  
 Long Term Agency Note Futures and  
 Options Medium Term Agency Note  
 Futures and Options  
 10-Year Interest Rate Swap Futures  
 and Options  
 5-Year Interest Rate Swap Futures  
 and Options  
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(01/01/03)

1008.01 Trading Limits -

A. Limits. Trading is prohibited during any Trading Day (as defined in Regulation 906.04) in futures contracts of commodities traded on this Exchange at a price or yield higher or lower than either:

1. The settlement price or yield for such commodity on the previous business day, or
2. The average of the opening range or the first trade during the first day of trading in a futures contract, or
3. The price or yield established by the Exchange in an inactive future, plus or minus the following sums with respect to such commodities:

Corn	\$ .20 per bushel - \$1,000
Oats	\$ .20 per bushel - \$1,000
Rough Rice	\$ .50 per hundredweight - \$1,000
Soybeans	\$ .50 per bushel - \$2,500
Soybean Meal	\$20 per unit of trading - \$2,000
Soybean Oil (Crude)	\$ .02 per unit of trading - \$1,200
Wheat	\$ .30 per bushel - \$1,500

B. Current Month Exclusions. Limits shall not apply to trading in current month contracts on and after the second business day prior to the first day of the current month.

Notwithstanding the foregoing, limits shall remain in effect for purposes of trading agricultural contracts on e-cbot.

The provisions of Paragraph B do not apply to CBOT(R) Dow Jones/SM/ Index futures, which will be governed solely by Paragraph D.

C. Limit Bid; Limit Sellers Definitions. The terms "close on the limit bid" or "close on the limit sellers" are defined as follows:

Limit Bid. Restricted to a situation in which the market closes at an upward price limit on an unfilled bid. When a close is reported as a range of different prices, the last price quoted must be limit bid.

Limit Sellers. Restricted to a situation in which the market closes at a downward price limit on an unfilled offer. When a close is reported as a range of different prices, the last price quoted must be a limit ask.

D. Daily Price Limits and Trading Halts for CBOT Dow Jones Industrial and mini-sized Dow/SM/ Index Futures. Daily price limits and trading halts of the CBOT Dow Jones Industrial Average/SM/ Index and mini-sized Dow/SM/ Index Futures contracts shall be coordinated with trading halts of the underlying stocks listed for trading in the primary securities market.

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For purposes of this regulation, the primary futures contract shall be defined as the futures contract trading in the lead month configuration in the pit, or for those contracts only listed electronically, on the electronic trading system (ETS), and the Executive Committee or its designee shall have the responsibility of determining whether the primary futures contract is limit bid or offered.

For the first day of trading in a newly listed contract, there will be an implied previous business day's settlement price, created by the Exchange for the sole purpose of establishing price limits. The implied settlement price will be created by extrapolating the annualized percentage carry between the two contract months immediately prior to the newly listed contract.

**Price Limits:** There shall be three successive price limits for each index, Level 1, Level 2, and Level 3, below the settlement price of the preceding regular trading session. Levels 1, 2, and 3 shall be calculated at the beginning of each calendar quarter, using the average daily closing value of each index for the calendar month prior to the beginning of the quarter. Level 1 shall be 10% of such average closing value calculation; Level 2 shall be 20% of such average closing value calculation; Level 3 shall be 30% of such average closing value calculation. For the Dow Jones Industrial Average/sm/, each Level shall be rounded to the nearest fifty points. The values of Levels 1, 2 and 3 shall remain in effect until the next calculation.

**Price Limits and Trading Halts** When the U.S. Primary Securities Market is Open for Regular Trading Hours: The following price limits and trading halts shall apply when the primary securities market in the United States underlying the DJIA<sub>SM</sub> is open for regular trading hours.

### (a) Level 1:

Except as provided below, the Level 1 price limit shall be in effect until a trading halt has been declared in the primary securities market, trading in the primary securities market has resumed, and fifty percent (50%) of the stocks underlying the DJIA/SM/ Index (selected according to capitalization weights) have reopened. The Level 2 price limit shall apply to such reopening.

Until 1:00 p.m. Chicago time (2:00 p.m. Eastern time), the trading halt shall be a one-hour trading halt. Between 1:00 p.m. and 1:30 p.m. Chicago time (2:00 p.m. and 2:30 p.m. Eastern time), the trading halt shall be a one-half hour trading halt.

The Level 1 price limit shall not apply after 1:30 p.m. Chicago time (2:30 p.m. Eastern time). If the futures contract is limit offered at the Level 1 price limit and a trading halt has not been declared in the primary securities market, the Level 1 price limit shall be lifted and the Level 2 price limit shall apply thereafter.

### (b) Level 2:

Except as provided below, the Level 2 price limit shall be in effect until a trading halt has been declared in the primary securities market, trading in the primary securities market has resumed, and fifty percent (50%) of the stocks underlying the DJIASM Index (selected according to capitalization weights) have reopened. The Level 3 price limit shall apply to such reopening.

Until 12:00 noon Chicago time (1:00 p.m. Eastern time), the trading halt shall be a two-hour trading halt. Between 12:00 noon and 1:00 p.m. Chicago time (1:00 p.m. and 2:00 p.m. Eastern time), the trading halt shall be a one-hour trading halt. After 1:00 p.m. Chicago time (2:00 p.m. Eastern time), the trading halt declared in the primary securities market will remain in place for the rest of the primary securities market trading day.

### (c) Level 3:

The Level 3 price limit shall be in effect during the entire regular daytime trading session.

**Trading Halts:** If the primary futures contract for the DJIA/sm/ is limit offered at either the Level 1 or Level 2 price limit as described above and there is a trading halt declared in the primary securities market, trading shall be halted for all Dow Jones/sm/ Index futures contracts that have reached their respective price limits. In the event that trading in the primary securities market resumes after a trading halt, trading in each of the Dow Jones/SM/ Index futures contracts (that have halted) shall resume only after fifty percent (50%) of the stocks underlying the DJIA/SM/ Index (selected according to capitalization weights) have reopened. The next applicable price limit enumerated

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above shall apply to the reopening indexes and to those indexes that had not reached their previous respective price limits during the period of the halt.

If after 1:00 p.m. Chicago time (2:00 p.m. Eastern time), the primary futures contract for the DJIAsm is limit offered at the Level 2 price limit, or if the primary futures contract for the DJIAsm is limit offered at the Level 3 price limit at any time during the trading day, and the primary securities market declares a trading halt for the rest of its trading day, the Exchange will also declare a trading halt for the rest of its trading day for all Dow Jones Index futures contracts that have reached their respective price limits.

If the primary futures contract for the DJIAsm trades at the Level 1, 2, or 3 price limits described above during that portion of the e-cbot trading session when the primary securities market is open for regular trading hours, trading will be halted for all Dow Jones Index futures contracts that have reached their respective price limits. In the event that e-cbot trades occur through the price limits described above, any such trades may be busted with the approval of the Exchange.

Price Limits When the U.S. Primary Securities Market is Not Open for Regular Trading Hours: When the primary securities market is not open for regular trading hours, there shall be a price limit of 10% of the average daily closing value of the index for the calendar month prior to the beginning of the quarter. The value of this limit shall remain in effect until the next calculation. This price limit shall apply above or below the previous trading day's settlement price. (09/01/02)

1008.01A Trading Limits - The Crude Soybean Oil and Soybean Meal Committee has been asked to interpret the following sentence:

"These provisions (trading limits) shall not apply to trading in the current month on or after the first notice day thereof."

The question that arises is whether this means the first business day of the delivery month or the first notice day of the contract which would be the last business day of the previous month.

The Committee is of the opinion that it is the intention of the Regulations that the meaning of the sentence includes the first notice day which is the last business day of the month preceding the delivery month. 36R (09/01/94)

1008.02 Trading Limit Corrections - Daily trading limits determined pursuant to Regulation 1008.01A (1) may be corrected as specified in this regulation only in cases where the applicable settlement price is related to an erroneous closing price quotation.

Such a correction may be made:

- - only to the level which would have been specified had the error not occurred; and
- - only if the error is identified prior to the next day's opening of trading.

Such a correction may be adopted by approvals of the relevant Pit Committee Chairman, or the Pit Committee Vice Chairman in the absence of the Pit Committee Chairman, and the Chairman or Vice Chairman of the Regulatory Compliance Committee within 15 minutes after the closing of the applicable futures contract or within 30 minutes after the closing of the applicable futures option contract. Thereafter, such a correction may be adopted by approval of the Regulatory Compliance Committee.

No such correction may be made after the next day's opening of trading. (09/01/94)

1009.01 Last Day of Trading of Delivery Month - Wheat and Oats - No trades in wheat or oat futures deliverable in the current month shall be made after the business day preceding the 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 seventh business day following the last trading day.
- (b) Liquidated by means for a bona fide exchange of futures for the actual cash commodity or, in case of wheat and oats, an over-the-counter transaction, no later than the sixth business day following the last trading day. (01/01/03)

1009.02 Last Day of Trading of Delivery Month-Corn and Soybeans - No trades in corn and

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soybean futures deliverable in the current month shall be made after the business day preceding the 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 the actual cash commodity, no later than the business day following the last trading day. 1832a (03/01/00)

1010.01 Margins on Futures - (See 431.03) (09/01/94)

1012.01 Position Limits - (See 425.01) (09/01/94)

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1035.00 Scope of Chapter - Commodities bought or sold for future delivery under Exchange contracts shall be delivered and accepted in accordance with the provisions of this Chapter. Any Regulation or Ruling which is inconsistent with the requirements or procedures set forth in this Chapter 10 is hereby superseded by the Chapter to the extent of such inconsistency. 280 (09/01/94)

1036.00 Grade Differentials - Unless otherwise specified, contracts for the sale of wheat, corn, soybeans and oats shall be deemed to call for "contract" wheat, corn, soybeans and oats respectively. Upon such contracts, sellers, at their option, may deliver all or part of the following grades at the following price differentials, provided that lots of grain of any one grade must conform to the minimum lot requirements of Rule 1004.00:

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WHEAT GRADE DIFFERENTIALS  
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At 3c Premium	At Contract Price
No. 1 Soft Red Winter	No. 2 Soft Red Winter
No. 1 Hard Red Winter	No. 2 Hard Red Winter
No. 1 Dark Northern Spring	No. 2 Dark Northern Spring
No. 1 Northern Spring	No. 2 Northern Spring

Wheat which contains moisture in excess of 13.5% is not deliverable.

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CORN DIFFERENTIALS  
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No. 1 Yellow Corn (maximum 15% moisture)	at 1 1/2 cents per bushel over contract price.
No. 2 Yellow Corn (maximum 15% moisture)	at contract price.
No. 3 Yellow Corn (maximum 15% moisture)	at 1 1/2 cents per bushel under contract price.

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SOYBEAN GRADE DIFFERENTIALS  
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U.S. No. 1 Yellow Soybeans (maximum 13% moisture)	at 6 cents per bushel over contract price.
U.S. No. 2 Yellow Soybeans (maximum 14% moisture)	at contract price.
*U.S. No. 3 Yellow Soybeans (maximum 14% moisture)	at 6 cents per bushel under contract price.

\* All factors equal to U.S. No. 2 grade or better (including test weight; splits; heat damage; brown, black and/or bicolored soybeans in yellow soybeans) except foreign material (maximum 3%).

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OATS GRADE DIFFERENTIALS  
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No. 1 Extra Heavy Oats	At 7 cents per bushel over contract price.
No. 2 Extra Heavy Oats	At 4 cents per bushel over contract price.
No. 1 Heavy Oats	At 3 cents per bushel over contract price.
No. 2 Heavy Oats	At contract price.
No. 1 Oats	At contract price.

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No. 2 Oats (36 Ib. minimum test weight)                    At 3 cents per bushel under  
contract price.

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No. 2 Oats (34 Ib. minimum test weight)                    At 6 cents per bushel under  
contract price.

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Bright Oats shall carry no additional premium or discount. Oats with more than 14% moisture are not deliverable. (03/01/00)

1036.00A Test Weight Designation for Oats - The Rules Committee has determined that, in the future, warehouse receipts of No. 2 Oats should carry the test weight designation on the face of the receipt. In connection with warehouse receipts currently outstanding which do not contain any such designation, it was determined that unless the designation "36 Ib. minimum test weight" appears on the face of the receipt, that the grade is considered to be 34 Ib. minimum test weight (6 cents per bushel under contract price). In consideration of any holder of outstanding Oat receipts that for some reason are "36 Ib. minimum test weight" and the receipt fails to reflect such, the holder can contact the Registrar's Office for updating the receipt. (09/01/94)

1036.00C Soybean Differentials - The Board has determined that in accordance with Rule 1036.00, No. 1 Yellow Soybeans which contain moisture in excess of 13% but not more than 14% are deliverable at par. (09/01/94)

1036.01 Location Differentials - Unless otherwise specified, contracts for the sale of wheat, corn, soybeans and oats shall be deemed to call for "contract" wheat, corn, soybeans and oats respectively. Upon such contracts, sellers, at their option, may deliver all or part at the following locations at the following price differentials, subject to the differentials for grade outlined in Rule 1036.00, provided that lots of grain of any one grade must conform to the minimum lot requirements of Rule 1004.00:

WHEAT LOCATION DIFFERENTIALS

In accordance with the provisions of Rule 1041.00C, wheat in regular warehouses located within the Chicago Switching District, the Burns Harbor, Indiana Switching District or the Toledo, Ohio Switching District may be delivered in satisfaction of Wheat futures contracts at contract price, subject to the differentials for class and grade outlined above. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat in regular warehouses located within the St. Louis-East St. Louis and Alton Switching districts may be delivered in satisfaction of Wheat futures contracts at a premium of 10 cents per bushel over contract price, subject to the differentials for class and grade outlined above.

CORN LOCATION DIFFERENTIALS

(See Regulation 10C36.01-Location Differentials for Corn futures contracts.)

SOYBEAN LOCATION DIFFERENTIALS

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(See Regulation 10S36.01-Location Differentials for Soybean futures contracts.)

OATS LOCATION DIFFERENTIALS

In accordance with the provisions of Rule 1041.00B, oats in regular warehouses located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, the Minneapolis, Minnesota Switching District, or the St. Paul, Minnesota Switching District may be delivered in satisfaction of Oats futures contracts at contract price, subject to the differentials for class and grade outlined above. (06/01/02)

1038.00 Grades - A contract for the sale of commodities for future delivery shall be performed on the basis of the grades officially promulgated by the Secretary of Agriculture as conforming to United States Standards at the time of making the contract. If no such United States grades shall have been officially promulgated, then such contract shall be performed on the basis of the grades established by the Department of Agriculture of the State of Illinois, or the standards established by the Rules and Regulations of the Association in force at the time of making the contract. 293 (09/01/94)

1038.01 United States Origin Only - Effective September 1, 1992, a futures contract for the sale of corn, soybeans or wheat shall be performed on the basis of United States origin only upon written request by a taker of delivery at the time loading orders are submitted. (09/01/94)

1038.02 Deoxynivalenol (Vomitoxin) Limit in Wheat - Effective September 1, 1999, a taker of delivery of wheat shall have the option to request in writing load-out of wheat which contains no more than 5 (five) parts per million of deoxynivalenol (vomitoxin). At the taker's expense, a determination of the level of vomitoxin shall be made at the point of load-out by the Federal Grain Inspection Service or by a third party inspection service which is mutually agreeable to the maker and taker of delivery. (12/01/98)

1041.00 Delivery Points -

A. Corn.

See Rule 10C41.00-Delivery Points for Corn futures contracts.

B. Oats. Oats in regular warehouses located within the Chicago Switching District, the Burns Harbor, Indiana Switching District or the Minneapolis, Minnesota or St. Paul, Minnesota Switching Districts may be delivered in satisfaction of oats futures contracts.

C. Wheat. Wheat in regular warehouses located within the Chicago Switching District, the Burns Harbor, Indiana Switching District or the Toledo, Ohio Switching District may be delivered in satisfaction of wheat futures contracts. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat in regular warehouses located within the St. Louis-East St. Louis and Alton Switching Districts may be delivered in satisfaction of Wheat futures.

D. Soybeans.

See Rule 10S41.00-Delivery Points for Soybean futures contracts.  
(06/01/02)

1041.01 Burns Harbor, Indiana Switching District - When used in these Rules and Regulations, the Burns Harbor, Indiana Switching District will be that area geographically defined by the boundaries of Burns Waterway Harbor at Burns Harbor, Indiana which is owned and operated by the Indiana Port Commission. (09/01/94)

1042.00 Delivery of Commodities by Warehouse Receipts - Except as otherwise provided,

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delivery of commodities shall be made by the delivery of registered warehouse receipts issued by warehousemen against stocks in warehouses which have been declared regular by the Regulatory Compliance Committee. The Regulatory Compliance Committee by Regulation may prescribe the conditions upon which warehouses and warehousemen may become regular except that in the case of federally licensed warehouses and warehousemen, the Regulatory Compliance Committee may impose only such reasonable requirements as to location, accessibility and suitability as may be imposed on other regular warehouses and warehousemen.

The Regulatory Compliance Committee by Regulation may prescribe conditions not inconsistent with the provisions of this Chapter upon which warehouse receipts issued by regular warehouses shall be deliverable. 281 (02/01/99)

1042.01 Registration of Grain Warehouse Receipts - In order to be valid for delivery against futures contracts, grain warehouse receipts must be registered with the official Registrar and in accordance with the requirements issued by the Registrar. Registration of Wheat and Oat warehouse receipts shall also be subject to the following requirements:

1. Warehousemen who are regular for delivery may register warehouse receipts at any time. If the warehouseman determines not to tender the warehouse receipt by 4:00 p.m. on the day it is registered, the warehouseman shall declare the receipt has been withdrawn but is to remain registered by transmitting to the Registrar the warehouse receipt number and the name and location of the warehouse facility. The holder of a registered receipt may cancel its registration at any time. A receipt which has been canceled may not be registered again.
2. Except in the case the delivery on the last delivery day of delivery month, in which case the warehouse receipt must be registered before 1:00 p.m. on the last delivery day of the delivery month, the grain warehouse receipt must be registered before 4:00 p.m. on notice day, the business day prior to the day of delivery. If notice day is the last business day of a week, grain warehouse receipts must be registered before 3:00 p.m. on that day.
3. From his own records, the Registrar shall maintain a current record of the number of receipts that are registered and shall be responsible for posting this record on the Exchange Floor and the CBOT website. The record shall not include any receipts that have been declared withdrawn.
4. When a warehouseman regains control of his own registered receipt, the warehouseman shall by 4:00 p.m. of that business day either cancel the registration of said receipt or declare that said receipt is withdrawn but is to remain registered by transmitting to the Registrar the receipt number and the name and location of the warehouse facility, except in the case where a notice of intention to redeliver said receipt for the warehouseman has been tendered to the Clearing House by 4:00 p.m. of the day that the warehouseman regained control of said receipt. (11/01/02)

1043.01 Delivery of Corn and Soybeans by Shipping Certificates - Deliveries of Corn and Soybeans shall be made by delivery of Shipping Certificates issued by Shippers designated by the Exchange as regular to issue Shipping Certificates for Corn and Soybeans using the electronic fields which the Board of Trade Clearing Corporation requires to be completed. In order to effect a valid delivery each Shipping certificate must be endorsed by the holder making the delivery, and transfer as specified above constitutes endorsement. Such endorsement shall constitute a warranty of the genuineness of the Certificate and of good title thereto, but shall not constitute a guaranty, by an endorser, of performance by the issuer of the Certificate. Such endorsement shall also constitute a representation that all premium charges have been paid on the commodity covered by the certificate, in accordance with Regulation C1056.01 or Regulation S1056.01, as applicable. (05/01/01)

1043.02 Registration of Corn and Soybean Shipping Certificates - Corn and Soybean Shipping Certificates in order to be eligible for delivery must be registered with the Official Registrar and in accordance with the requirements issued by the Registrar. Registration of Corn and Soybean Shipping Certificates shall also be subject to the following requirements:

- (a) Shippers who are regular for delivery may register certificates at any time. If the shipper determines not to tender the shipping certificate by 4:00 p.m. on the day it is registered, the shipper shall declare the certificate is withdrawn but is to remain registered by transmitting to the Registrar the certificate number and the name and location of the shipping plant. The holder of a registered certificate may cancel its registration at any time. A certificate which has been canceled may not be registered again.
- (b) No notice of intention to deliver a certificate shall be tendered to the Clearing House unless said certificate is registered and in possession of the Clearing House member tendering the notice or unless a shipping certificate is registered and outstanding. When a notice of intention to deliver a certificate has been tendered to the Clearing House, said certificate shall be considered to be "outstanding" until its registration is cancelled.
- (c) From his own records, the Registrar shall maintain a current record of the number of certificates that are registered and shall be responsible for posting this record on the Exchange Floor and the CBOT website. The record shall not include any shipping certificates that have been declared



withdrawn.

- (d) When a registered shipper regains control of a registered certificate calling for shipment from one of his shipping stations, which in any manner relieves him of the obligation to ship corn or soybeans upon demand of a party other than himself, the shipper shall by 4:00 p.m. of that business day either cancel the registration of said certificate or declare that said certificate is withdrawn but is to remain registered by transmitting to the Registrar the certificate number and the name and location of the shipping plant, except in the case where a notice of intention to redeliver said certificate for the shipper has been tendered to the Clearing House by 4:00 p.m. of the day that the shipper regained control of said certificate.
  
- (e) The Registrar shall not divulge any information concerning the registration, delivery or cancellation of certificates other than the record posted on the Exchange Floor and the CBOT website, except that he shall issue a weekly report showing the total number of certificates registered as of 4:00 P.M. on the last trading day of each week. In addition to the information posted on the Exchange Floor and the CBOT website, this weekly report will show the names of shippers whose certificates are registered and the location of the shipping stations involved. This report shall not include any shipping certificates that have been declared withdrawn. (11/01/02)

1044.01 Certificate Format - The electronic fields which the Board of Trade Clearing Corporation requires to be completed shall indicate the registration number and date, shipping station, commodity, quantity, grade and class, and premium charge.

The electronic shipping certificate obligates the shipper, for value received and receipt of the certificate properly endorsed, and subject to a lien for payment of premium charges, to deliver the specified quantity of the relevant commodity conforming to the standards of the Exchange, and to ship the commodity in accordance with orders of the lawful owner of the certificate and in accordance with the Rules and Regulations of the Exchange. Delivery shall be by water or rail conveyance according to the registered loading capability of the shipper.

Delivery of the electronic shipping certificate to the issuer by the owner of the certificate, for the purpose of shipment of the commodity, is conditioned upon loading of the commodity in accordance with the Rules and Regulations of the Exchange, and a lien is claimed until all loadings are complete and proper shipping documents presented accompanying demand draft for freight and premium charges due which the owner of the certificate agrees to honor upon presentation. (05/01/01)

1045.01 Lost or Destroyed Negotiable Warehouse Receipts Shipping Certificate

- (a) Unless a federal or state law prescribes different procedures to be followed in the case of lost or destroyed warehouse receipts or shipping certificates, the following procedures shall be followed. A replacement receipt/certificate may be issued upon compliance with the conditions set forth in paragraph (b) of this Regulation. Such replacement receipt/certificate must be issued upon the same terms, must be subject to the same conditions, and must bear on its face the number and the date of the receipt/certificate in lieu of which it is issued. It must also contain a plain and conspicuous statement that it is a replacement receipt/certificate issued in lieu of a lost or destroyed receipt/certificate.
- (b) Before issuing such replacement receipt/certificate, the warehouseman/shipper may require the person requesting the receipt/certificate to make and file with the warehouseman/shipper: (1) an affidavit stating that the requestor is the lawful owner of the original receipt/certificate, that the requestor has not negotiated, sold, assigned or encumbered it, how the original receipt/certificate was lost or destroyed, and if lost, that diligent effort has been made to find the receipt/certificate without success, and (2) a bond in an amount double the value, at the time the bond is given, of the commodity represented by the lost or destroyed receipt/certificate.

Such bond shall indemnify the warehouseman/shipper against any loss sustained by reason of the issuance of such replacement receipt/certificate. The bond shall have as surety thereon a surety company which is authorized to do business, and is subject to service of process in a suit on the bond, in the state in which the warehouse/shipping station, as named on the warehouse receipt/certificate, is located, or at least two individuals who are residents of such state, and each of whom owns real property in that state having a value, in excess of all exemptions and encumbrances, equal to the amount of the bond.

In the alternative, upon the approval of the U.S. Department of Agriculture where applicable, or otherwise upon the approval of the Exchange, a warehouseman/shipper may issue a replacement receipt/certificate upon the execution of an agreement by the requestor to indemnify the warehouseman/shipper against any loss sustained by reason of the issuance of

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such replacement receipt/certificate, in a form acceptable to the warehouseman/shipper. (04/01/00)

1046.00 Date of Delivery - Where any commodity is sold for delivery in a specified month, delivery of such commodity may be made by the seller upon such business day of the specified month as the seller may select and, if not previously delivered, delivery must be made upon the last business day of the specified month; provided, however, that the Exchange may, by Regulation pertaining to a particular commodity, prescribe specific days or dates within such specified month on which delivery of such commodity may or may not be made. 284 (09/01/94)

1046.00A Location for Buying or Selling Delivery Instruments - In order to facilitate liquidation of outstanding contracts during the final seven business days of a delivery month (Regulation 1009.03) floor brokers, locals and clearing or non-clearing members who need warehouse receipts or shipping certificates in order to make delivery or who anticipate receiving warehouse receipts or shipping certificates on delivery and wish to dispose of them may meet at 2:00 p.m. on the last day of trading in an expiring future at the cash grain table between the corn and soybean pits to make arrangements for the acquisition or disposition of such receipts or certificates.

All actual deliveries against outstanding futures positions must, in any event, be made by sellers through the Clearing House and will be received by buyers through the Clearing House. 34R (09/01/94)

1047.01 Delivery Notices - A seller obligated or desiring to make delivery of a commodity shall issue and deliver to the Clearing House a delivery notice containing the name and business address of the issuer; the date of issue; the date of delivery; the name of the commodity; the total contracted quantity in satisfaction of which the delivery is being tendered and such other information as the Regulatory Compliance Committee shall direct in regard to any particular commodity.

A delivery notice shall be furnished to the Clearing House in computer readable form. The Clearing House, acting as agent for the seller, shall provide the notice to the buyer.

The seller or its agent shall reduce the notice to written form and retain a copy of the notice for the period of time required by the Commodity Futures Commission.

Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish to each issuer the names of the buyers obligated to accept delivery from him for each commodity for which a notice was tendered and shall also inform the issuer of the number of contracts for which each buyer is obligated. Failure of the seller to object to such assignment by 7:00 a.m. on intention day shall establish an irrebuttable presumption that the issuance of the delivery notice was authorized by the person in whose name the notice was issued. (09/01/94)

1048.01 Method of Delivery - Delivery notices must be delivered to the Clearing House which shall assign the deliveries to clearing members (buyers) having contracts to take delivery of the same amounts of the same commodities. The Clearing House shall notify such clearing members of the deliveries which have been assigned to them and shall furnish to issuers of delivery notices the names of clearing members obligated to accept their deliveries. Clearing Members receiving delivery notices shall assign delivery to the oldest open contracts on their books at the close of business on the previous day (position day). 286 (09/01/94)

1049.00 Time of Delivery, Payment, Form of Delivery Notice - The requirements of the form of delivery notice, time of delivery, and payment shall be fixed by the Regulatory Compliance Committee. 287 (09/01/94)

1049.01 Time of Issuance of Delivery Notice - Unless a different time is prescribed by Regulation pertaining to a particular commodity, delivery notices must be delivered to the Clearing House by 4:00 p.m., or by such other time designated by the Board of Directors, on position day except that, on the last notice day of the delivery month, delivery notices may be delivered to the Clearing House until 2:00 p.m., or by such other time designated by the Board of Directors, on intention day. The Clearing House shall, on the same day, assign the deliveries to eligible buyers as provided in Regulation 1048.01 and shall issue to each such buyer a delivery assignment notice describing the delivery which has been assigned to him. (12/01/99)

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1049.01B Interpretation: Sellers' Obligation for Storage Charges - The Directors have issued the following interpretation of Rule 1042.00, Rule 1041.00, and Regulation 1049.01 in connection with the time the responsibility for storage charges changes from seller to buyer.

The responsibility for storage charges shall remain the obligation of the seller until such time as the warehouse receipts or weight certificates are presented to the buyer and payment is made therefore in conformity with the Regulations concerning payment. (09/01/94)

1049.02 Buyers' Report of Eligibility to Receive Delivery - Prior to 8:00 p.m., or by such other time designated by the Board of Directors, of each day on which delivery notices may be delivered to the Clearing House, each clearing member shall report to the Clearing House, at such times and in such manner as shall be prescribed by the Clearing House, the amounts of its purchases of the various commodities then eligible for delivery which remain open on its books in accordance with law and with the Rules and Regulations of the Association. Such reports shall show the dates on which such purchases were made, and shall exclude purchases to which the clearing member has applied deliveries assigned to it but which remain open on its books pending receipt of delivery. With respect to omnibus accounts, the reports described above shall show the dates on which such purchases were made, as reflected on the ultimate customers' account statements. (12/01/99)

1049.03 Sellers' Invoices to Buyers - Upon receipt of the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer, the seller shall prepare invoices addressed to its assigned buyers describing the documents to be delivered to each such buyer and, in the case of deliveries under Rule 1041.00, the information required in said Rule. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House for that purpose adjusted for applicable premiums, discounts, storage charges, premium charges, premium for FOB conveyance, quantity variations and other items for which provision is made in these Rules and Regulations relating to contracts, and shall be in the form set forth hereunder unless a different form is prescribed by Regulation pertaining to a particular commodity. Such invoices shall be delivered to the Clearing House by 10:00 a.m. for those commodities utilizing the electronic delivery system via the Clearing House's on-line system or 4:00 p.m. for other commodities, or by such other time designated by the Board of Directors, on the day of intention except on the last notice day in the delivery month when a skeleton notice has been delivered to the Clearing House, in which case invoices for said delivery may be delivered to the Clearing House until 10:00 a.m. on the last delivery day of the delivery month. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed, by placing them in buyers' mail boxes provided for that purpose in the Clearing House, except that invoices for all commodities utilizing the electronic delivery system shall be made available to buyers via the Clearing House's on-line system.

Financial instruments futures contracts will follow the invoicing procedure that is prescribed in the respective contract's invoicing regulation. Delivery invoicing forms for financial instruments futures contracts shall be restricted to that form which the Board of Trade Clearing Corporation specifically provides.

DELIVERY INVOICE  
Office Of

No. \_\_\_\_\_

For delivery on \_\_\_\_\_  
(Date)

against C. H. Assignment Notice No. \_\_\_\_\_

To \_\_\_\_\_  
(Buyer's code number and name)

For the delivery of \_\_\_\_\_  
(Net quantity, per list total below)

of \_\_\_\_\_  
(Grade, class, commodity)

In, ordered to, or to be shipped from \_\_\_\_\_  
(Warehouse, delivery or shipping point)

As evidenced by the documents listed below:

At the established delivery price of \_\_\_\_\_ per \_\_\_\_\_ \$ \_\_\_\_\_  
Premium or discount on grade \_\_\_\_\_  
Storage and insurance, or premium, for a total of \_\_\_\_\_ days \_\_\_\_\_  
Other charges or credits \_\_\_\_\_  
TOTAL AMOUNT DUE-THIS INVOICE \$ \_\_\_\_\_

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Whse.Receipt or certificate		Prem-Disc. on Grade		Adjustment for Stge-lns-Prem.				Other charges or credits		
Date	Number	Net Quantity	Rate	Amount	Pd.thru	Days	Rate	Amount	Dr Cr.	Amount & Description

1638 (10/01/01)

1049.04 Transfer Obligations - Payment is to be made in same day funds 1) by a check drawn on and certified by a Chicago bank or 2) by a Cashier's check issued by a Chicago bank. The long clearing member may effect payment by wire transfer only if this method of payment is acceptable to the short clearing member. Unless a different time is prescribed by Regulation pertaining to a particular commodity, buyers obligated to accept delivery must take delivery and make payment and sellers obligated to make delivery must make delivery before 1:00 p.m. of the day of delivery, except on banking holidays when delivery must be taken or made and payment made before 9:30 a.m. 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 By-Laws and Resolutions. 1639 (05/01/97)

1050.00 Duties of Members - Members shall deliver warehouse receipts, bills of lading, shipping certificates or demand certificates tendered for delivery pursuant to the Rules and Regulations of the Association and in accordance with the assignment thereof to eligible buyers by the Clearing House, and shall make no other disposition thereof. A member who alters or makes a false endorsement on a notice of assignment of delivery issued by the Clearing House under Rule 1048.00, for the purpose of avoiding acceptance of the delivery specified, therein, should be deemed guilty of an act detrimental to the Welfare of the Association. 288 (09/01/94)

1051.01 Office Deliveries Prohibited - No office deliveries of warehouse receipts or shipping certificates may be made by members of the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it receives from its customers who are short. 1870 (03/01/00)

1052.00 Delivery of Grain in Cars (Chicago only) - Regular deliveries of contract grades of grain on contracts for future delivery may be made in cars on track during the last three business days in the delivery month subject to the following:

- (a) Cars must be within the Chicago District, in a railroad yard where samples are taken by an official grain inspection agency approved by the U.S.D.A.
- (b) Cars must be consigned or ordered to a regular warehouse.
- (c) Delivery shall not be complete until the grain is unloaded and warehouse receipts or weight certificates are issued therefor unless the buyer elects otherwise. During this time, title to the grain remains in the seller, the purchase price is not payable, and the seller remains liable for any change in grade. The buyer, however, may elect and order the cars unloaded at any other place where they will be weighed provided the buyer makes payment in advance. In making such election and paying in advance the buyer assumes title and all responsibility for any change in grade occurring after the original inspection as provided in subsection (d) of this Rule and for any and all charges occasioned by such election of the buyer.
- (d) Grain delivered in cars on track in settlement of futures contracts must be inspected during the last four delivery days of the delivery month by an official grain inspection agency approved by the U.S.D.A. In the event another grade determination is made subsequent to date of tender and the original grade is changed, the delivery will not be disqualified as a result thereof. Price adjustment will be made between the buyer and the seller at the prevailing fair market difference based on the cost of replacement. In the event of a dispute, the Chairman of the Regulatory Compliance Committee will appoint an impartial committee of three to fix a fair and proper differential.

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- (e) Deliveries of grain in cars shall be made by the tender of delivery notices based on the shippers' certificates of weight (if attached thereto) or railroad weights, or, in the absence of such weights, the marked capacity of the cars.
- (f) Where there is an excess or deficit upon delivery, such excess or deficit shall be settled for on the basis of the market price at the time when such excess or deficit becomes known to both parties; provided that the buyer, if he so elects, may cancel the contract as to any deficit.
- (g) On all grain tendered under this Rule, the party making the original tender shall keep on file and deliver on request, at tenderer's option, the samples of the official grain inspection agency.
- (h) Delivery of wheat, corn, oats or soybeans in cars shall be for quantities of 5,000 bushels or multiples thereof. 283 (03/01/00)

1052.00A Track Deliveries -

- 1. Under subparagraph (d) of Rule 1052.00 when notices of intention to deliver are issued on the day prior to the three days during which regular deliveries may be made in carlots, the requirement that the delivery notice be accompanied by certificate showing approval by the Illinois State Grain Inspection Department for storage must be attached to the delivery notice will be satisfied if that certificate is furnished the next day.
- 2. During the last three delivery days of the month split notices of delivery may be tendered, that is to say, part of the notice may cover grain in store and part of the notice may cover grain in cars on track. 14R (03/01/00)

1052.00B Track Deliveries - The matter of the origin of grain which may be delivered in satisfaction of futures contracts under Rule 1052.00 (Delivery of Grain in Cars), was brought before the Directors. After a discussion upon motion duly made, seconded, and unanimously carried, it was

Resolved, only grain arriving in cars from points outside of the Chicago Switching District and which has not previously been unloaded at a warehouse in the Chicago Switching District may be delivered in satisfaction of futures contracts under Rule 1052.00; and

Further Resolved, that grain loaded in cars from warehouses in the Chicago Switching District shall not be deliverable in satisfaction of futures contracts under said Rule 1052.00. 23R (09/01/94)

1052.00C Track Deliveries -

- 1. The question was submitted to the Directors as to whether or not under Rule 1052.00 (Delivery of Grain in Cars) out-of-town weights can be used on carlot deliveries provided there is an agreement between the buyer and seller. It was the ruling of the Directors and the Rules Committee that under the provisions of this Rule out-of-town weights may not be used even where mutual agreement might exist.
- 2. The question was submitted to the Directors as to whether deliveries of grain in cars might be settled on the aggregate or on the basis of individual contracts under Rule 1052.00.

The Directors and the Rules Committee held that the settlement must be made on the individual contracts of 5,000, 2,000, 1,000 bushels or multiples thereof, and may not be settled on the aggregate.

- 3. The Directors and the Rules Committee have made the following interpretation of Regulation 1047.01 (Delivery Notice). A person issuing a skeleton notice on the last notice day in a delivery month must by 10:00 a.m. on the next day furnish all information which is required on the usual delivery notice. A person re-issuing a skeleton notice on the first position day of a successive delivery month (i.e. -the next calendar month) must furnish all information which is required on the usual delivery notice by 1:00 p.m. on first notice day. 23R (05/01/95)

1054.00 Failure to Accept Delivery - Where a buyer to whom a delivery has been assigned by the Clearing House under Regulation 1048.01 fails to take such delivery and make payment when payment is due, the seller tendering such delivery shall promptly sell the commodity on the open market for the account of the delinquent. He shall then immediately notify the Clearing House of the default, the contract price, and the re-sale price, and the Clearing House shall immediately serve a like

notice upon the delinquent. Thereupon the delinquent shall be obligated to pay to the seller, through the Clearing House, the difference between the contract price and the re-sale price. 289 (05/01/95)

1054.00A Failure to Accept Delivery - Rule 1054.00 provides that when a buyer fails to take delivery and make payment at the prescribed time, the issuer of the delivery shall promptly sell the commodity on the open market for the account of the delinquent.

Does this mean that the seller is to sell the warehouse receipts in the cash market or sell futures in the pit and make a new tender? Also, what is the meaning of the term 'promptly'? If the deliverer, thinking to accommodate the delinquent, waits until 1:10, at which time the market is 5 lower than at 1:00 has he assumed any liability because of the delay? If it is the warehouse receipts which are to be sold out, what determines the market price? Frequently an elevator operator will pay more for his own receipts than for another's; or a processor may pay a higher basis for one grade than another, grade differential to the contrary. If futures are to be sold in the pit, who then is responsible for the mechanics of tender and the assumption of interest?

The Board approved the opinion of the Rules Committee that the seller must have the right to act in either the cash or futures market at his discretion without recourse on the part of the defaulting buyer so long as action is taken prior to 9:45 A.M. the next business day. 38R (09/01/94)

1056.01 Storage Rates for Wheat and Oats and Premium Charges for Corn and Soybeans - To be valid for delivery on futures contracts, all warehouse receipts and shipping certificates covering wheat and oats in regular store or corn and soybeans under obligation for shipment must indicate the applicable storage rate or premium charge. No warehouse receipts or shipping certificates shall be valid for delivery on futures contracts unless the storage rates or premium charges on such grain shall have been paid up to and including the 18th calendar day of the preceding month, and such payment endorsed on the warehouse receipt or shipping certificate. Unpaid accumulated storage rates and premium charges at the posted rate applicable to the warehouse or shipping station where the grain is stored or under obligation for shipment shall be allowed and credited to the buyer by the seller to and including date of delivery. Further, no wheat or oats warehouse receipt shall be valid for delivery if the receipt has expired prior to delivery or has an expiration date in the month in which delivered. 1641

If storage rates or premium charges are not paid on-time up to and including the 18th calendar day preceding the delivery months of March, July and September and by the first calendar day of each of these delivery months, a late charge will apply. The late charge will be an amount equal to the total unpaid accumulated storage rates or premium charges multiplied by the "prime interest rate" in effect on the day that the accrued storage rates are paid plus a penalty of 5 percentage points, all multiplied by the number of calendar days that storage is overdue, divided by 360 days. The term "prime interest rate" shall mean the lowest of the rates announced by each of the following four banks at Chicago, Illinois, as its "prime rate": Bank of America-Illinois, Bank One, Harris Trust & Savings Bank, and the Northern Trust Company.

The storage rates on Wheat and Premium Charges on Corn and Soybeans for delivery shall not exceed 15/100 of one cent per bushel per day.

The storage rates on Oats for delivery shall not exceed 13/100 of one cent per bushel per day.

(11/01/01)

## Ch10 Regularity of Warehouses

1081.01 Regularity of Warehouses and Issuers of Shipping Certificates - Warehouses or shipping stations may be declared regular for the delivery of grain with the approval of the Exchange. Persons operating grain warehouses or shippers who desire to have such warehouses or shipping stations made regular for the delivery of grain under the Rules and Regulations shall make application for an initial Declaration of Regularity on a form prescribed by the Exchange prior to May 1 of an even year, for a two-year term beginning July 1 of that year, and at any time during a current term for the balance of that term. Regular grain warehouses or shippers who desire to increase their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form. Initial regularity for the current term and increases in regularity shall be effective either thirty days after a notice that a bona fide application has been received is posted by the Exchange, or the day after the application is approved by the Exchange, whichever is later. Persons operating grain warehouses or shipping stations who desire to have their daily rate of loading decreased, shall file with the Exchange a written request for such decrease at which time a notice will be posted by the Exchange. The decrease in the daily rate of loading for the facility will become effective 30 days after a notice has been posted by the Exchange or the day after the number of outstanding certificates at the facility is equal to or less than 20 times the requested rate of loading, whichever is later. Persons operating grain warehouses or shipping stations who wish to have their regular capacity space decreased shall file with the Exchange a written request for such decrease and such decrease shall be effective once a notice has been posted by the Exchange. Applications for a renewal of regularity shall be made prior to May 1 of even years, for the respective years beginning July 1 of those years, and shall be on the same form.

The Exchange may establish such requirements and conditions for regularity as it deems necessary.

The following shall constitute the minimum requirements and conditions for regularity of grain warehouses and shipping stations:

- (1) The warehouse or shipping station making application shall be inspected by the Exchange or the United States Department of Agriculture. Where application is made to list as regular a warehouse which is not regular at the time of such application, the applicant may be required to remove all grain from the warehouse and to permit the warehouse to be inspected and the grain graded, after which such grain may be returned to the warehouse and receipts issued therefor.

See Regulation 10C81.01(1)-Regularity of Warehouses and Issuers of Shipping Certificates for Corn futures contracts.

See Regulation 10S81.01(1)-Regularity of Warehouses and Issuers of Shipping Certificates for Soybean futures contracts.

- (2) Such warehouse shall be connected by railroad tracks with one or more railway lines.

See Regulation 10C81.01(2)-Regularity of Warehouses and Issuers of Shipping Certificates for Corn futures contracts

See Regulation 10S81.01(2)-Regularity of Warehouses and Issuers of Shipping Certificates for Soybean futures contracts.

- (3) The proprietor or manager of such warehouse or shipping station shall be in good financial standing and credit, and shall meet the minimum financial requirements and financial reporting requirements set forth in Appendix 4E. No warehouse or shipping station shall be declared regular until the person operating the same files a bond and/or designated letter of credit with sufficient sureties in such sum and subject to such conditions as the Exchange may require.
- (4) Such warehouse or shipping station shall be provided with modern improvements and appliances for the convenient and expeditious receiving, handling and shipping of grain in bulk.
- (5) The proprietor or manager of such warehouse or shipping station shall comply with the system of registration of warehouse receipts or shipping certificates as established by the Exchange, and shall furnish accurate information to the Exchange regarding all grain received and delivered by the warehouse or shipping station on a daily basis, and that remaining in store at the close of each week, in the form prescribed by the Exchange.



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(6) Safeguarding Condition of Grain in Warehouses.

(a) The Board of Trade shall designate an agency for registration of public warehouse receipts, and only public warehouse receipts registered with such agency shall be within the provisions of paragraph (b) following.

(b) Whenever in the opinion of the operator of the warehouse any grain stored in a public warehouse under his jurisdiction should be loaded out in order to protect the best interests of the parties concerned, such operator shall notify the agency giving the location and grades of such grain. The agency shall immediately notify an appropriate grain inspection service who shall at once proceed to the warehouse in which the grain is stored and examine it in conjunction with the Superintendent of such warehouse. If the grain inspection service agrees with the Superintendent that the grain should be moved, it shall so notify the Registrar of the Chicago Board of Trade. If the grain inspection service does not agree with the Superintendent that the grain should be moved, the operator of the warehouse shall have a right to appeal to the Business Conduct Committee of the Board of Trade. If on such appeal the Business Conduct Committee shall agree with the Superintendent that the grain should be moved, the Business Conduct Committee shall so notify the Registrar of the Board of Trade, and the warehouse receipts covering the above specified lot or lots of grain shall no longer be regular for delivery on Board of Trade future contracts. Upon receiving such notice, either from the grain inspection service, or from the Business Conduct Committee, the Registrar shall notify the holder, or holders, or their agents, together with the Chairman of the Business Conduct Committee, of the total quantity of the grade of grain in question (selecting the oldest registered warehouse receipt for such grain first, then such additional registered warehouse receipts in the order of their issuance as may be necessary to equal such total quantity of grain). When this information reaches the Chairman of the Business Conduct Committee he shall appoint a Committee consisting of five disinterested handlers of cash grain, which Committee shall meet at once and after taking into consideration various factors that establish the value of the grade of the receipts held by such owner or owners, shall determine the fair value of the grain, which price shall be that to be paid by the operator. If the price offered is not satisfactory, a Committee appointed by the Chairman of the Business Conduct Committee (at the request of such owner), shall procure other offers for such grain, and such offers shall be immediately reported to the owner or his agent. If the owner refuses to accept any such offers, he shall have the two following business days to order and furnish facilities for loading such grain out of store, and during this period the warehouseman shall be obliged to deliver the grain called for by the warehouse receipts, but not more than three (3) days may elapse after notification by the Registrar to the holder of the receipt before satisfactory disposition shall have been made of the grain, either by sale to the operator or by the ordering out and furnishing facilities to load the same, provided the amount of such grain does not exceed 100,000 bushels in any one elevator. If the amount of grain in question exceeds 100,000 bushels, the owner, or owners, of the warehouse receipts shall be allowed forty-eight hours of grace over and above the before mentioned three days for each 100,000 bushels in excess of the first 100,000 bushels.

(c) In the event that the holder of the warehouse receipt, or his agent, fails to move the grain or make other satisfactory disposition of same within the prescribed time, it shall be held for his account, and any loss in grade sustained shall likewise be for his account.

(d) Nothing in the foregoing provisions shall be construed as prohibiting the warehouseman from fulfilling contracts from other stocks under his control.

(7) The proprietor or manager of such warehouse shall promptly, by the proper publication, advise the trade and the public of any damage to grain held in store by it, whenever such damage shall occur to an extent that will render it unwilling to purchase and withdraw from store, at its own cost, all such damaged grain.

(8) The Board shall be assured that the operator or manager of the warehouse or shipping station will agree to conform to Regulation 1049.03.

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- (9) The proprietor or manager of such warehouse shall permit the Exchange, at any time, to examine the books and records of the warehouse, for the purpose of ascertaining the stocks of all kinds of grain which may be on hand at any time. The Exchange shall have the authority to determine the quantity of grain in the elevators and to compare the books and records of the warehouse with the records of the Exchange.
- (10) The proprietor or manager of a regular warehouse or shipping station shall give assurance that all grain received in and shipped out of such warehouse shall be weighed under the supervision of an agency approved by the Exchange.
- (11) The warehouseman or shipper operating such warehouses or shipping stations shall not engage in unethical or inequitable practices, and shall comply with all applicable federal or state statutes, rules or regulations.

All warehousemen and shippers are and shall be and remain subject to the Rules, Regulations and Rulings of the Board of Trade of the City of Chicago on all subjects and in all areas with respect to which the U.S. Department of Agriculture does not assert jurisdiction pursuant to the U.S. Warehouse Act, as amended.

A regular warehouseman or an owner of warehouse receipts can make delivery in a strike bound elevator. The taker of delivery is liable for all storage charges. However, where the owner of warehouse receipts in a strike bound elevator delivered against futures contracts has a bona fide bid for like receipts in a strike free elevator and decides to load the grain out or sell his receipts, the strike bound warehouseman has the option:

- (a) to provide that same quantity and like quality of grain in store in another regular warehouse, not on strike, in the same delivery market, or
- (b) to provide that same quantity and like quality of grain in store at another location on mutually acceptable terms, or
- (c) if no initial agreement can be reached as provided above, the strike bound warehouseman must buy his warehouse receipts back at the bid price in store for that same quantity and like quality of grain in a strike free elevator in the same delivery market or he has the alternative of proceeding as in (a) above. The bid (which must be a basis bid versus futures) referred to in this paragraph must be good for a minimum period of one hour and must be tendered in writing to the strike bound warehouseman between 1:30 p.m. and 4:30 p.m. on a business day and prior to 8:30 a.m., but not before 7:30 a.m., on the following business day.

The warehouseman must respond to the bid as outlined above within the time period during which the bid is alive.

Should the warehouseman question the validity of the bid, the question shall be referred to a Standing Committee which shall have been appointed on an annual basis by the Chairman of the Board, with the approval of the Board. The Committee shall consist of three members including one regular warehouseman with suitable alternates. In case the strike bound elevator involved is in a market other than that directly represented by the warehouseman appointed, the Chairman may designate a member in said alternate market who is familiar with cash grain values in that market. The sole duty of the Committee shall be to determine that the bid is bona fide. The Committee shall not express any opinion with respect to the economics of the bid.

Within the context of this Regulation, a strike bound elevator is defined as the facility itself

being on strike.

The maximum load-out charge on wheat and oats which has been tendered in satisfaction of the Board of Trade futures contracts shall be 6 cents per bushel.

The maximum premium for FOB conveyance on Corn and Soybean Shipping Certificates which have been tendered in satisfaction of Board of Trade futures contracts shall be 4 cents per bushel.

All fees for stevedoring services to load Corn and Soybeans into barges are to be paid by the issuer of the Corn or Soybean Shipping Certificate.

The premium for FOB conveyance is payable at the time of invoice.

(12) Load-Out Procedures.

A. Load-Out Procedures Grains -

1. Corn and Soybeans; Wheat from Chicago, Burns Harbor and St. Louis; and Oats from Chicago and Burns Harbor. An operator of a regular facility has the obligation of loading grain represented by warehouse receipts or shipping certificates giving preference to takers of delivery. When an operator of a facility regular for the delivery of grain receives one or more written loading orders for loading of grain against canceled warehouse receipts or shipping certificates, the operator shall begin loading against them within 3 business days following their receipt. When loadings against written loading orders cannot be completed on the fourth business day following their receipt, the operator shall continue loading against such loading orders on each business day thereafter. All warehousemen and shippers shall outload grain against canceled delivery instruments consecutively without giving preference of the type of delivery instrument, kind of grain or mode of transportation. He shall outload all such products in the order in which suitable transportation, clean and ready to load is constructively placed at his facility by the holder of the warehouse receipt or shipping certificate, pursuant to bona fide loading orders previously received, and at the loading rates provided in part B of this Regulation.

2. Wheat from Toledo and Oats from Minneapolis-St. Paul - All warehousemen shall inload and outload all agricultural products consecutively without giving preference to the products owned by him over the products of others, and without giving preference to one depositor over another. He shall inload all such products consecutively in the order in which they arrive at his warehouse, pursuant to the inloading orders previously received so far as the warehouse capacity for grain and grade permits. He shall outload all such products in the order in which suitable transportation, clean and ready to load is constructively placed at his warehouse by the holder of the warehouse receipt, pursuant to bona fide outloading orders previously received, except as provided in part B of this Regulation.

It shall be the responsibility of the warehouse receipt or shipping certificate holder to supply suitable transportation. Hopper cars shall be considered suitable transportation if they can be sampled by pelican in a manner approved by the appropriate grain sampling agency. Trucks and non-suitable hopper cars may be loaded only with the express agreement of the warehouseman.

Constructive placement at a warehouse or shipping station shall be defined as follows:

- (1) Rail cars-as defined in the appropriate Railroad Freight Tariff on file with the Interstate Commerce Commission;
- (2) Barges-Positioned at an appropriate fleeting service serving the designated delivery point;
- (3) Vessels-In possession of the appropriate Federal Grain Inspection Service and/or National Cargo Bureau documents certifying readiness to accept load-out at the designated delivery point.

It shall be the responsibility of the warehouse receipt or shipping certificate holder to request the warehouseman to arrange for all necessary Federal Grain Inspection Service and stevedoring service. The warehouse receipt or shipping certificate holder may specify the stevedoring service to be called. The warehouseman shall not be held responsible for non-availability of these

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services.

- B. Load-Out Rates for Grain - In the event a regular grain warehouse or shipping station receives written loading orders for load-out of grain against canceled warehouse receipts or shipping certificates, the warehouseman or shipper shall be required to load out grain beginning on the third business day following receipt of such loading orders or on the day after a conveyance of the type identified in the loading orders is constructively placed, whichever occurs later. The rate of load-out for warehouses in Toledo and Minneapolis-St. Paul shall be at the normal rate of load-out for the facility and the load-out rate for all grain warehouses and shipping stations shall depend on the conveyance and type of grain being loaded and shall not be less than the following per business day:

Rail Conveyance or Water Conveyance			
	(When receipt holder requests in writing individual weights and grades per car load)	(When receipt holder requests in writing batch weights and grades)/1/	Vessel or Barge
Wheat, Corn, Soybeans	25 Hopper Cars	35 Hopper Cars	300,000 Bushels 3 Barges
Oats	15 Hopper Cars	20 Hopper Cars	180,000 Bushels 2 Barges

/1/ A batch weight and grade shall refer to a buyer's request in writing for 1 weight and 1 grade per 5 rail cars.

Barge load-out rates for corn and soybeans will be at the shipping station's registered daily rate of loading. When wheat and corn or soybeans or when oats and corn or soybeans are in the lineup for loading, the higher loading rate will apply for total barge loadings on that day. However, a warehouseman or shipper is not obligated to load barges of one type of grain that exceeds the daily barge loading rate for that type of grain. Corn and soybeans are considered one type of grain for this regulation pertaining to barge loading rates.

Regular grain warehouses and shipping stations shall not be required to meet these minimum load-out rates when transportation has not been actually placed at the warehouse, transportation equipment is not clean and load ready, inspection services are not available, a condition of force majeure exists, inclement weather prevents loading, or stevedoring services are not available in the case of water conveyance. However, the exceptions to load-out requirements shall not include grains or soybeans which have not made grade.

In addition, regular warehouses in Toledo and Minneapolis-St. Paul shall not be required to meet the minimum load-out rate for a conveyance when a "like" conveyance has been constructively placed for load-in prior to the "like" conveyance for load-out. However, when a conveyance for load-out is constructively placed after a "like" conveyance for load-in, the warehouse will load-in grain from the "like" conveyance at the normal rate of load-in for the facility. This rate of load-in shall depend on the conveyance(s) being unloaded and shall not be less than the following minimums per business day:

Rail Conveyance or Water Conveyance			
		Vessel or	Barge
Wheat, Corn, Soybeans	35 Hopper Cars	50,000 Bushels	1 Barge
Oats	20 Hopper Cars	50,000 Bushels	1 Barge

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Regular warehouses shall not be required to meet these minimum load-in rates when a condition of force majeure exists, inspection services are not available, inclement weather prevents unloading, or stevedoring services are not available in the case of water conveyance.

Any increased overtime costs and charges for trimming and FGIS to meet minimum load-out requirements shall be borne by warehouseman.

Vessel loading shall require 3 days pre-advice to warehouseman prior to the date of arrival of the vessel. Failure to provide pre advice may delay loading by the same number of days pre-advice is delayed prior to date of arrival of the vessel.

Inability of a warehouse receipt holder to provide conveyance at an elevator in a timely manner will affect load-out of barges accordingly.

For purposes of this regulation, vessel and barge are "like" conveyances.

- C. Notification to Warehouse - The warehouse operator or shipping station shall load-in and load-out grains in the order and manner provided in parts A and B of this Regulation, except that his obligation to load-out grain to a given party shall commence no sooner than three business days after he receives cancelled warehouse receipts and written loading orders from such party, even if such party may have a conveyance positioned to accept load-out of grain before that time. If the party taking delivery presents transportation equipment of a different type (rail, barge, or vessel) than that specified in the loading orders, he is required to provide the warehouse operator with new loading orders, and the warehouse operator shall be obligated to load-out grain to such party no sooner than three business days after he receives the new loading orders. Written loading orders received after 2:00 p.m. (Chicago time) on a given business day shall be deemed to be received on the following business day.
- D. Storage and Premium Charges - Storage payments [and Premium Charges] on [grain] wheat and oats to be shipped pursuant to loading orders shall cease on the tenth business day after suitable transportation is constructively placed for load-out or loading is complete, whichever is earlier. Premium charges for corn and soybeans to be shipped pursuant to loading orders shall cease on the business day loading is complete.
- E. Records - All warehousemen and shippers shall keep adequate permanent records showing compliance with the requirements of this Regulation. Such records shall at all times be open for inspection by the designated official or officials of the contract market.
- F. Certification of Corn, Soybeans and Wheat - Effective September 1, 1992 and upon written request by a taker of delivery at the time loading orders are submitted for the delivery of corn, soybeans or wheat against canceled warehouse receipts, the delivery warehouseman shall certify in writing to the taker of delivery on the day that the transportation conveyance is loaded that the grain is of U.S. origin only. Warehouse receipts issued prior to September 1, 1992 will be deliverable against futures contracts beginning September 1992 only if the regular warehouseman provides certification on the warehouse receipt that the U.S. origin-only option is available to the taker of delivery of corn, soybeans and wheat.
- G. Barge Load-Out Procedures for Corn and Soybeans - When corn or soybeans represented by shipping certificates are ordered out for shipment by water conveyance, the regular shipper has the obligation to load-out grain at his registered daily rate of loading. The shipper's obligation shall begin to a party no sooner than 3 business days after he receives canceled certificates and written loading orders from the party or 1 business day after the constructive placement of the water conveyance, whichever is later.
  - (1) All loading orders and shipping instructions received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Orders received after 2:00 p.m. on a business day shall be considered dated the following business day. Loading against all loading orders dated on a given business day shall be completed before loading begins on any loading orders dated on a subsequent business day.

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- (2) When loading orders and shipping instructions are received by 2:00 p.m. of any given business day, the shipper will advise the owner by 10:00 a.m. the following business day of loading dates and tonnage due. Notification will be by telephone, telex or telefax.
- (3) Official grades as loaded into the water conveyance shall govern for delivery purposes.
- (4) Official weights as loaded into the barge shall govern for delivery purposes when available, otherwise, it is the responsibility of the taker to obtain official weights at the destination. Any other governing weights and methods of obtaining weights and any such other information on the weighing process must be mutually accepted by the maker and taker of delivery before the barge is loaded. When the official weight becomes known for a barge, overfills and underfills will be settled on the market value, expressed as a basis, for grain FOB barge at the barge loading station on the day that the grain is loaded. Before the barge is loaded, the taker and maker of delivery will agree on a basis over or under the nearby futures that overfills and underfills will be settled on. On the day that the weight tolerance becomes known to both parties, the flat price settlement will be established by applying the basis to the nearby futures month settlement price on the day of unloading or the day of loading if origin weights are used. If the day of unloading is the last trading day in the nearby futures month, the next following futures month will be used for settlement. If the day of unloading is not a business day, the next following business day will be used to establish the flat price. In order to convert the agreed upon basis on the day that the grain was loaded to a basis relative to the current nearby futures month, the futures spread on the day of loading will be used, provided that, the nearby futures did not close outside of the price limits set for all other futures months. In this case, the spread on the first following business day that the nearby futures closed within the price limits applicable for all other futures months would be used.
- (5) The shipper shall not be required to meet his minimum daily barge load-out rate when transportation has not been actually placed at the shipping station, transportation equipment is not clean and load ready, inspection services are not available, a condition of force majeure exists, or inclement weather prevents loading. However, the exceptions to load-out requirements shall not include corn or soybeans that have not made grade.
- (6) For Illinois Waterway barge loading at Burns Harbor, Regulation 1081.01(13) (A.) (a) pertaining to the protection of the Chicago barge rate and inclement weather will apply.
- (7) Any expense for making the grain available for loading on the Illinois Waterway will be borne by the party making delivery, provided that the taker of delivery presents barge equipment clean and ready to load within 10 calendar days following the scheduled loading date of the barge on the Illinois Waterway. If the taker's barges are not made available within 10 calendar days following the scheduled loading date of the barge on the Illinois Waterway or the taker cancels loading instructions and requests that cancelled shipping certificates be re-issued, the taker shall reimburse the shipper for any expenses for making the grain available. Taker and maker of delivery have three days to agree to these expenses.
- (8) The shipper shall load water conveyance at the shipping station designated in the Shipping Certificate. If it becomes impossible to load at the designated shipping station because of an Act of God, fire, flood, wind, explosion, war, embargo, civil commotion, sabotage, law, act of government, labor difficulties or unavoidable mechanical breakdown, the shipper will arrange for water conveyance to be loaded at another regular shipping station in conformance with the Shipping Certificate and will compensate the owner for any transportation loss resulting from the change in the location of the shipping station. If the aforementioned condition of impossibility prevails at a majority of regular shipping stations, then shipment may be delayed for

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the number of days that such impossibility prevails at a majority of regular shipping stations.

- (9) See Regulation 10C81.01(12)G(9)-Regularity of Warehouses and Issuers of Shipping Certificates for Corn futures contracts.

See Regulation 10S81.01(12)G(9)-Regularity of Warehouses and Issuers of Shipping Certificates for Soybean futures contracts.

- (10) In the event less than eleven shipping certificates of a like grade/quality are outstanding at a shipping station the owner of all such outstanding shipping certificates may cancel the shipping certificates and obligate the shipper to provide a market value at which the shipper will either buy back all the canceled shipping certificates or sell the balance of Corn or Soybeans of a like grade/quality to complete a barge loading of at least 55,000 bushels, the choice being at the discretion of the taker of delivery.

(13) Location.

- A. Corn. See Regulation 10C81.01(13)-Location for Corn futures contracts.

No such warehouse or shipping station within the Chicago Switching District shall be declared regular unless it is conveniently approachable by vessels of ordinary draft and has customary shipping facilities. Ordinary draft shall be defined as the lesser of (1) channel draft as recorded in the Lake Calumet Harbor Draft Gauge, as maintained by the Corps of Engineers, U.S. Army, minus one (1) foot, or (2) 20 feet.

Delivery in Burns Harbor must be made "in store" in regular elevators or by shipping certificate at regular shipping stations providing water loading facilities and maintaining water depth equal to normal seaway draft of 27 feet.

In addition, deliveries of grain may be made in regular elevators or shipping stations within the Burns Harbor Switching District PROVIDED that:

- (a) When grain represented by warehouse receipts or shipping certificates is ordered out for shipment by a barge, it will be the obligation of the party making delivery to protect the barge freight rate from the Chicago Switching District (i.e. the party making delivery and located in the Burns Harbor Switching District will pay the party taking delivery an amount equal to all expenses for the movement of the barge from the Chicago Switching District, to the Burns Harbor Switching District and the return movement back to the Chicago Switching District).

If inclement weather conditions make the warehouse or shipping station located in the Burns Harbor Switching District unavailable for barge loadings for a period of five or more calendar days, the party making delivery will make grain available on the day following this five calendar day period to load into a barge at one mutually agreeable water warehouse or shipping station located in the Chicago Switching District; PROVIDED that the party making delivery is notified on the first day of that five-day period of inclement weather that the barge is available for movement but cannot be moved from the Chicago Switching District to the Burns Harbor Switching District, and is requested on the last day of this five day calendar period in which the barge cannot be moved.

- (b) When grain represented by warehouse receipts or shipping certificates is ordered out for shipment by vessel, and the party taking delivery is a recipient of a split delivery of grain between a warehouse or shipping station located in Burns Harbor and a warehouse or shipping station in Chicago, and the grain in the Chicago warehouse or

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shipping station will be loaded onto this vessel; it will be the obligation of the party making delivery at the request of the party taking delivery to protect the holder of the warehouse receipts or shipping certificates against any additional charges resulting from loading at one berth in the Burns Harbor Switching District and at one berth in the Chicago Switching District as compared to a single berth loading at one location. The party making delivery, at his option, will either make the grain available at one water warehouse or shipping station operated by the party making delivery and located in the Chicago Switching District for loading onto the vessel, make grain available at the warehouse in Burns Harbor upon the surrender of warehouse receipts or shipping certificates issued by other regular elevators or shipping stations located in the Chicago Switching District at the time vessel loading orders are issued, or compensate the party taking delivery in an amount equal to all applicable expenses, including demurrage charges, if any, for the movement of the vessel between a berth in the other switching district. On the day that the grain is ordered out for shipment by vessel, the party making delivery will declare the regular warehouse or shipping station in which the grain will be available for loading.

See Regulation 10C81.01(13)-Location for Corn futures contracts.

- B. Oats. For the delivery of oats, regular warehouses may be located within the Chicago Switching District or within the Burns Harbor, Indiana Switching District (subject to the provisions of paragraph A above) or within the Minneapolis, Minnesota or St. Paul, Minnesota Switching Districts.

Delivery in the Minneapolis or St. Paul Switching District must be made "in store" in regular elevators providing barge-loading facilities and maintaining water depth equal to the average draft of the current barge loadings in the Minneapolis and St. Paul barge-loading districts.

However, deliveries of oats may be made in interior off-water elevators within the Minneapolis or St. Paul Switching District, PROVIDED that the party making delivery makes the oats available upon call within seven calendar days to load into a barge at one river location in the Minneapolis or St. Paul barge-loading district. The party making delivery must declare, within one business day after receiving warehouse receipts and loading orders, the river location at which the oats will be made available. Any additional expense incurred to move delivery oats from an off-water elevator into barges shall be borne by the party making delivery; PROVIDED that the party taking delivery presents barge equipment clean and ready to load within fifteen calendar days from the time warehouse receipts and loading orders are tendered to the delivering party.

Official weights and official grades as loaded into the barge shall govern for delivery



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purposes.

- C. Wheat. For the delivery of wheat, regular warehouses may be located within the Chicago Switching District or within the Burns Harbor, Indiana Switching District (subject to the provisions of Paragraph A above), within the Toledo, Ohio Switching District, or with respect to only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat, within the St. Louis-East St. Louis or Alton Switching Districts.

Delivery in Toledo must be made "in store" in regular elevators providing water loading facilities and maintaining water depth equal to normal seaway draft of 27 feet.

However, deliveries of wheat may be made in off-water elevators within the Toledo, Ohio Switching District PROVIDED that the party making delivery makes the grain available upon call within five calendar days to load into water equipment at one water location within the Toledo, Ohio Switching District. The party making delivery must declare within one business day after receiving warehouse receipts and loading orders the water location at which wheat will be made available.

Any additional expense incurred to move delivery grain from an off-water elevator into water facilities shall be borne by the party making delivery; PROVIDED that the party taking delivery presents water equipment clean and ready to load within fifteen calendar days from the time the grain has been made available.

Official weights and official grades as loaded into the water equipment shall govern for delivery purposes.

Delivery in the St. Louis-East St. Louis or Alton Switching Districts must be "in store" in regular elevators providing barge loading facilities and maintaining water depth equal to the average draft of the current barge loadings in the St. Louis-East St. Louis and Alton barge loading districts.

- D. Soybeans. See Regulation 10S81.01(13)-Location for Soybean futures contracts.

(14) Billing

Ch10 Regularity of Warehouses  
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- A. Wheat, Corn, Soybeans and Oats (Chicago delivery). The Chicago warehouseman is not required to furnish transit billing on grain represented by warehouse receipt deliveries in Chicago, Illinois. Delivery shall be flat.
- B. Oats (Minneapolis, St. Paul delivery).
- (1) When oats represented by warehouse receipts delivered in Minneapolis or St. Paul are ordered out for shipment by rail, it shall be the obligation of seller to furnish, no later than when cars are placed or constructively placed at the elevator, to the party taking delivery, inbound Freight Bills (rail tonnage or order equivalent truck or barge tonnage) protecting the applicable proportional rate applicable to Chicago from the warehouse in which the grain is located. The Freight Bills shall be for the kind and quantity of the commodity designated by the warehouse receipt and must permit such commodity to be shipped at the minimum proportional rate applicable to Chicago effective as of the date of shipment from point of origin shown by the Freight Bill.
- (a) Delivery at Minneapolis. When delivery is made at an elevator within the Minneapolis Switching District, such Freight Bills must permit one further free transit stop at interior transit points or be accompanied by a check to cover one such transit stop.
- (b) Delivery at St. Paul. When delivery is made at an elevator within the St. Paul Switching District, such Freight Bills must permit one further free transit stop at interior transit points, or be accompanied by a check to cover such transit stop, and in addition must also permit movement to industries within the switching limits of Minneapolis at no greater cost than the maximum switching charges between industries located within the switching limits of Minneapolis.
- (2) In lieu of the Freight Bills or order equivalent tonnage specified above, seller may furnish to the party taking delivery "short-rate" Freight Bills or make compensation as specified in Section (b).
- (a) "Short-rate" Freight Bills (which otherwise conform to the requirements of this Regulation). "Short-rate" Freight Bills shall be accompanied by a certified check, or other acceptable payment, in an amount equal to the difference between the freight charges which would be incurred in shipping the quantity of the commodity from Minneapolis to Chicago (based on the proportional rate applicable in connection with such "short-rate" Freight Bills) and the freight charges for such shipment based on the minimum proportional tariff rate applicable in connection with Freight Bills other than "short-rate" Freight Bills showing shipment from points of origin as of the same date as the "short-rate" Freight Bills furnished.
- (b) Compensation in Lieu of Freight Bills or order equivalent tonnage. A certified check or other acceptable payment may be substituted for Freight Bills provided it is in an amount equal to the difference between the freight charges which would be incurred in shipping the commodity from Minneapolis to Chicago based on the flat tariff rate effective as of the date of loading for rail shipment and the charges for such shipment based on the minimum proportional tariff rate effective as of the same date.
- (3) Due Bills issued by the Western Weighing and Inspection Bureau may be used when necessary in lieu of Freight Bills that conform to the provisions of this Regulation. Such Due Bills may be surrendered by the seller to the party loading out delivery grain by rail when such Freight Bills are not yet available because of the unloading of the commodity into an elevator during the last few days of the delivery month or on the delivery of "Track" grain. Such Due Bills shall specify the date, origin and rate of the Freight Bills in lieu of which they are issued and shall be completely filled out except for the signature.

(4) The term Freight Bills as used in this Regulation means the recorded inbound paid Freight Bills, authorized duplicates thereof, or tonnage credit slips, conforming to the rules and regulations of Western Trunk Line Tariff No. 331-Z, Fred Ofcky, Agent, ICC No. A-4774, amendments thereto or reissues thereof.

- C. Wheat (Toledo and St. Louis delivery). The warehouseman is not required to furnish transit billing on wheat represented by warehouse receipts delivery in Toledo, Ohio, St. Louis, Missouri, East St. Louis, Illinois, or Alton, Illinois. Delivery shall be flat.
- D. Corn. See Regulation 10C81.01(14)-Billing for Corn futures contracts.
- E. Soybeans. See Regulation 10S81.01(14)-Billing for Soybean futures contracts.
- F. Wheat, Corn, Soybeans and Oats (Burns Harbor Delivery). When grain represented by warehouse receipts delivered in Burns Harbor is ordered out for shipment by rail, it will be the obligation of the party making delivery to protect the Chicago rail rate, if lower, which would apply to the owner's destination had a like kind and quantity of grain designated on warehouse receipts been loaded out and shipped from a regular warehouse located in the Chicago Switching District. If grain is loaded out and shipped to an industry in the Chicago Switching District, the party making delivery will protect the minimum, crosstown switch charge in the Chicago Switching District.

When rail loading orders are submitted, the party taking delivery shall state in writing if he elects to receive the applicable rail rates from Burns Harbor or Chicago. If the party taking delivery specifies Burns Harbor, the party making delivery will load rail cars at the Burns Harbor warehouse and will not be required to protect the Chicago rates.

If the party taking delivery specifies Chicago rates, the party making delivery will declare on the day that the grain is ordered out for shipment by rail, the warehouse at which the grain will be made available, which is operated by the party making delivery and is located either in the Burns Harbor or the Chicago Switching Districts. If the declared warehouse is located in the Chicago Switching District, the party making delivery will provide only that billing specified in Regulation 1081.01(14)A.

However, if the declared warehouse is located in Burns Harbor and the rail rate from Chicago or the minimum Chicago crosstown switch charge requires protection, the party making delivery will compensate the party taking delivery. The compensation shall be in an amount equivalent to the difference of the freight charges from Burns Harbor and the freight charges which would be applicable had the grain been loaded at and shipped from a warehouse located in the Chicago Switching District to the owner's destination.

(15) Persons operating regular warehouses or shipping stations shall be subject to the Exchange's Rules and Regulations pertaining to arbitration procedures, as set forth in Chapter 6, and, with respect to compliance with Rules and Regulations pertaining to a warehouse's or shipper's regularity, shall be subject to the Exchange's Rules and Regulations pertaining to disciplinary procedures, as set forth in Chapter 5.

(16) Persons operating regular warehouses or shipping stations shall consent to the disciplinary

jurisdiction of the Exchange for five years after such regularity lapses, for conduct pertaining to regularity which occurred while the warehouse or shipping station was regular.

- (17) The Exchange may determine not to approve warehouses or shipping stations for regularity or increases in regular capacity of existing regular warehouses or shipping stations, in its sole discretion, regardless of whether such warehouses or shipping stations meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether receipts or shipping certificates issued by such warehouses or shipping stations, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of futures contracts or impair the efficacy of futures trading in the relevant market, or whether the currently approved regular capacity provides for an adequate deliverable supply. (01/01/03)

1081.01A Inspection - Chicago Elevators - Any Grain Warehouses in Chicago, regular for the delivery of grain under the Rules and Regulations of the Association, shall require inbound and outbound inspections as mandated by the U.S. Grain Standards Act and/or the U.S. Warehouse Act.

Nothing herein shall negate the rights of persons shipping grain into or out of such Warehouses to request and obtain on such grain official sample lot inspections as defined in the U.S. Grain Standards Act, and such inspections or any appeal therefrom, shall be the settlement grade.

When grain is delivered in satisfaction of warehouse or shipping certificate, receipts, the holder of the warehouse receipts or shipping certificates shall be entitled to an official sample lot inspection as defined in the U.S. Grain Standards Act unless otherwise agreed. 3R (03/01/00)

1081.01B Billing When Grain is Loaded Out - The Board makes the following interpretations:

1. Is it then the obligation of the operator of the elevator to have such billing on hand backing all deliveries -or only (as the Regulation seems to state) when such grain is loaded out?

The Regulations are explicit in stating that billing need be available when such grain is loaded out. The warehouseman makes the decision and takes the risk at the time of delivery and any time until the grain is ordered loaded if he does not have billing.

2. What is meant by equities?

Equities are defined in the Regulation and do not include values occasioned by changes in freight rates as they would apply to the outboard movement. 43R (09/01/94)

1081.01C Car of Specified Capacity - Where a seller of an 80,000 Ib. capacity car shows conclusively that an 80,000 Ib. capacity car was ordered, and the railroad for its own convenience provided a 100,000 Ib. capacity car, the basis for settlement should be the same as though an 80,000 Ib. capacity car had been supplied. 14R (09/01/94)

1082.00 Insurance - Grain covered by warehouse receipts tendered for delivery must be insured against the contingencies provided for in a standard "All Risks" policy (including earthquake) to such an extent and in such amounts as required by the Board of Directors. It shall be the duty of the operators of all regular warehouses to furnish the Exchange with either a copy of the current insurance policy or policies, or a written confirmation from the insurance company that such insurance has been effected. 292 (08/01/96)

1082.00A Insurance - The warehouseman shall insure grain and soybeans covered by warehouse receipts tendered for delivery against the contingencies provided for in the standard "All Risks" policy (including earthquakes). (09/01/94)

1083.00 Variation Allowed - Deliveries of grain in store may vary not more than one percent from the quantity contracted for: provided, however, that no lot in any one warehouse shall contain less than 5,000 bushels of any one grade. 291 (09/01/94)

1083.01 Excess or Deficiency in Quantity - In the load-out of grain from an elevator or warehouse, the quantity of gross grain covered by the warehouse receipt shall be loaded out, and any excess or deficiency between the quantity of net grain loaded out and the quantity of net grain covered by the warehouse receipt shall be paid for to or by (as the case may be) the elevator or warehouse proprietor or manager at the average market price on the day of load-out: the buyer to pay storage on the net weight covered by the warehouse receipt. In the event that in the final out-turn there is a shortage in the gross quantity called for in the receipt, the net quantity of grain required by the receipt shall be the factor in settlement, and any variation therefrom in the net amount of grain loaded out against the receipt shall be paid for by the elevator or warehouse proprietor or manager to the owner of the receipt at the average market price on the day of load-out. In the load-out of grain the gross quantity of grain, which includes dockage shall not exceed the net quantity by more than one percent.

1640 (09/01/94)

1084.01 Revocation, Expiration or Withdrawal of Regularity - Any regular warehouse or shipper may be declared by the Business Conduct Committee, or pursuant to Regulation 540.10, the Hearing Committee to be irregular at any time if it does not comply with the conditions above set forth. If the designation of a warehouse or shipper as regular shall be revoked, a notice shall be posted on the bulletin board announcing such revocation and also the period of time, if any, during which the receipts or certificates issued by such house or shipper shall thereafter be deliverable in satisfaction of futures contracts under the Rules and Regulations.

In the event of revocation, expiration or withdrawal of regularity, or in the event of sale or abandonment of the properties where regularity is not reissued, holders of outstanding warehouse or shipping certificates receipts shall be given thirty days to take load-out of the commodity from the facility. If a holder of an outstanding warehouse receipt or shipping certificate chooses not to take load-out during this period, the facility must provide him with another warehouse receipt or shipping certificate at another, mutually acceptable regular warehouse or shipping station, with adjustments for differences in

contract differentials. Alternatively, if such warehouse receipt or shipping certificate is unavailable, the facility must provide the holder with an equivalent quantity and quality of the grain designated in the warehouse receipt or shipping certificate at a mutually acceptable location. 1621 (03/01/00)

1085.01 Application for Declaration of Regularity - All applications by operators of warehouses for a declaration of regularity under Regulation 1081.01 shall be on the following form:

WAREHOUSEMAN'S/SHIPPER'S APPLICATION FOR A DECLARATION OF REGULARITY  
UPON CONTRACTS FOR FUTURE DELIVERY UNDER THE CHARTER,  
RULES AND REGULATIONS OF THE BOARD OF TRADE OF THE CITY  
OF CHICAGO FOR THE DELIVERY OF \_\_\_\_\_

\_\_\_\_\_, 20\_\_\_\_

Board of Trade of the  
City of Chicago  
Chicago, Illinois  
Gentlemen:

We, the \_\_\_\_\_ (hereinafter called  
the Warehouseman/Shipper) owner or lessee of the  
warehouse \_\_\_\_\_  
located at \_\_\_\_\_  
and/or shipping station located at mile marker \_\_\_\_\_.  
having a storage capacity of \_\_\_\_\_ bushels of grain  
and/or applying for \_\_\_\_\_ bushels as a registered total daily rate  
of loading barges and having a bond under the United States Warehouse Act  
\_\_\_\_\_ in the sum of  
\_\_\_\_\_ Dollars and/or a designated letter of credit, do  
hereby make application to the Board of Trade of the City of Chicago  
(hereinafter called Exchange) for a declaration of regularity to handle, and  
to receive and store or issue Shipping Certificates for  
\_\_\_\_\_ for delivery upon contracts for future delivery for a  
period beginning \_\_\_\_\_ and ending Midnight June 30, \_\_\_\_\_.

Conditions of Regularity

Such declaration of regularity, if granted, shall be cancellable by the Exchange whenever the following conditions shall not be observed.

1. The Warehouseman/Shipper must:

- (1) give such bonds and/or designated letter of credit to the Exchange as it may require.
- (2) submit to the Exchange with such application for a declaration of regularity, a tariff listing in detail the rates for the handling and storage of grain; submit promptly to the Exchange all changes in said tariff, publish and display such tariff.
- (3) remove no grain from the warehouse/shipping station save at the request of the owner or owners thereof upon surrender of the warehouse receipts/shipping certificates.
- (4) notify the Exchange immediately of any change in capital ownership and of any reduction in total capital of 20 percent or more from the level reported in the last financial statement filed with the Exchange.
- (5) make such reports, keep such records, and permit such warehouse visitation as the Secretary of Agriculture may prescribe; comply with all applicable Rules and Regulations and orders promulgated by the Secretary of Agriculture or the Government agency administering the Commodity Exchange Act; and comply with all requirements of the Exchange permitted or required by such Rules and Regulations or orders.
- (6) maintain and furnish to all holders of warehouse receipts/shipping/certificates on grain tendered in satisfaction of futures contracts insurance as provided in Rule 1004.00.
- (7) make application for renewal of a declaration of regularity in writing on or before May 1, 1994, and every even year thereafter.

2. The Warehouse/Shipper must be:

- (1) subject to the prescribed examination and approval of the Exchange.
- (2) properly safeguarded and patrolled.



(3) equipped to handle grain expeditiously.

- 3. The Warehouse/Shipping Station and Warehouseman/Shipper must conform to the uniform requirements of the Exchange as to location, accessibility and suitability as may be prescribed in the Rules and Regulations of the Exchange.

AGREEMENTS OF WAREHOUSEMAN

The Warehouseman/Shipper expressly agrees:

- (1) that all grain tendered in satisfaction of futures contracts shall be weighed by an Official Weigher. An Official Weigher shall be a person or agency approved by the Exchange.
- (2) that all warehouse receipts/shipping certificates shall be registered with the Registrar of the Exchange.
- (3) to abide by all of the Rules and Regulations of the Exchange relating to the warehousing or shipping of commodities deliverable in satisfaction of futures contracts and the delivery thereof in satisfaction of futures contracts.
- (4) that the Exchange may cancel said declaration of regularity, if granted, for any breach of said agreements.
- (5) that the signing of this application constitutes a representation that the conditions of regularity are complied with and will be observed during the life of the declaration of regularity and, if found to be untrue, the Exchange shall have the right to cancel said declaration of regularity immediately.
- (6) to be subject to the Association's Rules and Regulations pertaining to arbitration procedures, as set forth in Chapter 6, and with respect to compliance with Rules and Regulations pertaining to regularity, to be subject to the Association's Rules and Regulations pertaining to disciplinary procedures, as set forth in Chapter 5; and to abide by and perform any disciplinary decision imposed upon it or any arbitration award issued against it pursuant to such Rules and Regulations.
- (7) to consent to the disciplinary jurisdiction of the exchange for five years after regularity lapses for conduct pertaining to regularity which occurred while the warehouse/shipper was regular.

Bond in the amount of \_\_\_\_\_ duly filed

\_\_\_\_\_  
Company  
By \_\_\_\_\_  
Title  
\_\_\_\_\_  
Date  
\_\_\_\_\_  
Secretary

1622 (03/01/00)

1086.01 Federal Warehouses - In compliance with Section 5a, subparagraph (7) of Commodity Exchange Act, receipts for grain stored in elevators (listed as Federally licensed in Appendices 10A, 10B, 10C, 10D and 10E) licensed under the United States Warehouse Act of August 11, 1916, as amended will be deliverable in satisfaction of futures contracts. 1829 (09/01/94)

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Chapter 10C  
Corn Futures  
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Ch10C Trading Conditions

C1001.01 Application of Regulations - Transactions in Corn futures shall be subject to the General Rules of the Association as far as applicable and shall also be subject to Regulations contained in this chapter which are exclusively applicable to trading in Corn. (08/01/98)

C1004.01 Unit of Trading - (see 1004.00) (08/01/98)

C1005.01 Months Traded in - (see 1005.01A) (08/01/98)

C1006.01 Price Basis - (see 1006.00 and 1006.01) (08/01/98)

C1007.01 Hours of Trading - (see 1007.00 and 1007.02) (08/01/98)

C1008.01 Trading Limits - (see 1008.01 and 1008.02) (08/01/98)

C1009.01 Last Day of Trading - (see 1009.02) (08/01/98)

C1010.01 Margin Requirements - (see 431.03) (08/01/98)

C1012.01 Position Limits and Reportable Positions - (see 425.01) (08/01/98)



Ch10C Delivery Procedures

C1036.00 Grade Differentials - (see 1036.00) (08/01/98)

C1036.01 Location Differentials - Corn for shipment from regular shipping stations located within the Chicago Switching District or the Burns Harbor, Indiana Switching District may be delivered in satisfaction of Corn futures contracts at contract price, subject to the differentials for class and grade outlined above. Corn for shipment from regular shipping stations located within the Lockport-Seneca Shipping District may be delivered in satisfaction of Corn futures contracts at a premium of 2 cents per bushel over contract price, subject to the differentials for class and grade outlined above. Corn for shipment from regular shipping stations located within the Ottawa-Chillicothe Shipping District may be delivered in satisfaction of Corn futures contracts at a premium of 2 1/2 cents per bushel over contract price, subject to the differentials for class and grade outlined above. Corn for shipment from regular shipping stations located within the Peoria-Pekin Shipping District may be delivered in satisfaction of Corn futures contracts at a premium of 3 cents per bushel over contract price, subject to the differentials for class and grade outlined above. (08/01/98)

C1038.01 Grades- (see 1038.00 and 1038.01) (08/01/98)

C1041.01 Delivery Points - Corn Shipping Certificates shall specify shipment from one of the warehouses or shipping stations currently regular for delivery and located in one of the following territories:

- A. Chicago and Burns Harbor, Indiana Switching District - When used in these Rules and Regulations, the Chicago Switching District will be that area geographically defined by Tariff ICC WTL 8020-Series and that portion of the Illinois Waterway at or above river mile 304 which includes the Calumet Sag Channel and the Chicago Sanitary & Ship Canal. When used in these Rules and Regulations, Burns Harbor, Indiana Switching District will be that area geographically defined by the boundaries of Burns Waterway Harbor at Burns Harbor, Indiana which is owned and operated by the Indiana Port Commission.
- B. Lockport-Seneca Shipping District - When used in these Rules and Regulations, the Lockport-Seneca Shipping District will be that portion of the Illinois Waterway below river mile 304 at the junction of the Calumet Sag Channel and the Chicago Sanitary & Ship Canal and above river mile 244.6 at the Marseilles Lock and Dam.
- C. Ottawa-Chillicothe Shipping District - When used in these Rules and Regulations, the Ottawa-Chillicothe Shipping District will be that portion of the Illinois Waterway below river mile 244.6 at the Marseilles Lock and Dam and at or above river mile 170 between Chillicothe and Peoria, IL.
- D. Peoria-Pekin Shipping District - When used in these Rules and Regulations, the Peoria-Pekin Shipping District will be that portion of the Illinois Waterway below river mile 170 between Chillicothe and Peoria, IL and at or above river mile 151 at Pekin, IL.  
(11/01/01)

C1043.01 Deliveries by Corn Shipping Certificate - (see 1043.01) (08/01/98)

C1043.02 Registration of Corn Shipping Certificates - (see 1043.02) (08/01/98)

- C1046.01 Location for Buying or Selling Delivery - (see 1046.00A) (08/01/98)  
Instruments
- C1047.01 Delivery Notices - (see 1047.01) (08//01/98)
- C1048.01 Method of Delivery - (see 1048.01) (08/01/98)
- C1049.01 Time of Delivery, Payment, Form of Delivery - (see 1049.00) (08/01/98)  
Notice
- C1049.02 Time of Issuance of Delivery Notice - (see 1049.01) (08/01/98)
- C1049.03 Buyer's Report of Eligibility to Receive Delivery - (see 1049.02)  
(08/01/98)
- C1049.04 Seller's Invoice to Buyers' - (see 1049.03) (08/01/98)
- C1049.05 Payment - Payment shall be made utilizing the electronic delivery  
system via the Clearing House's Online System. Payment will be made during the  
6:45 a.m. collection cycle thus the cost of the delivery will be debited or  
credited to a clearing firms settlement account. Unless a different time is  
prescribed by Regulation pertaining to a particular commodity, buyers obligated  
to accept delivery must take delivery and make payment and sellers obligated to  
make delivery must make delivery during the 6:45 a.m. settlement process on the  
day of delivery, except on banking holidays when delivery must be taken or made  
and payment made before 9:30 a.m. the next banking business day. (10/01/01)
- C1050.01 Duties of Members - (see 1050.00) (08/01/98)
- C1051.01 Office Deliveries Prohibited - (see 1051.01)
- C1054.01 Failure to Accept Delivery - (see 1054.00 and 1054.00A) (08/01/98)
- C1056.01 Payment of Premium Charges - (see 1056.01) (11/01/01)

C1081.01 Regularity of Warehouses and Issuers of Shipping Certificates -Persons operating grain warehouses or shippers who desire to have such warehouses or shipping stations made regular for the delivery of grain under the Rules and Regulations shall make application for an initial Declaration of Regularity on a form prescribed by the Exchange prior to May 1, 1994, and every even year thereafter, for a two-year term beginning July 1, 1994, and every even year thereafter, and at any time during a current term for the balance of that term. Regular grain warehouses or shippers who desire to increase their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form. Initial regularity for the current term and increases in regularity shall be effective either thirty days after a notice that a bona fide application has been received is posted on the floor or the exchange, or the day after the application is approved by the Exchange, whichever is later. Applications for a renewal of regularity shall be made prior to May 1, 1994, and every even year thereafter, for the respective years beginning July 1, 1994, and every even year thereafter, and shall be on the same form.

The following shall constitute the requirements and conditions for regularity:

- (1) The warehouse or shipping station making application shall be inspected by the Registrar or the United States Department of Agriculture. Where application is made to list as regular a warehouse which is not regular at the time of such application, the applicant may be required to remove all grain from the warehouse and to permit the warehouse to be inspected and the grain graded, after which such grain may be returned to the warehouse and receipts issued therefor.

The operator of a shipping station issuing Corn Shipping Certificates shall limit the number of Shipping Certificates issued to an amount not to exceed:

- (a) 20 times his registered total daily rate of loading barges, or in the case of Chicago, Illinois and Burns Harbor, Indiana Switching Districts, his registered storage capacity,
- (b) and a value greater than 25 percent of the operator's net worth.

The shipper issuing Corn Shipping Certificates shall register his total daily rate of loading barges at his maximum 8 hour loadout capacity in amount not less than:

- (a) one barge per day at each shipping station within the Lockport-Seneca Shipping District, within the Ottawa-Chillicothe Shipping District, within the Peoria-Pekin Shipping District, within the Havana-Grafton Shipping District, and within the St. Louis-East St. Louis and Alton Switching Districts, and
  - (b) three barges per day at each shipping station in the Chicago, Illinois and Burns Harbor, Indiana Switching District.
- (2) Shippers located in the Chicago, Illinois and Burns Harbor, Indiana Switching District shall be connected by railroad tracks with one or more railway lines.

10C81.01(3) through 10C81.01(12)G(8) - (see 1081.01(3) through 1081.01(12)G(8))

10C81.01(12)G(9) In the event that it has been announced that river traffic will be obstructed for a period of fifteen days or longer as a result of one of the conditions of impossibility listed in regulation 1081.01(12)(G)(8) and in the event that the obstruction will affect a majority of regular shipping stations, then the following barge load-out procedures for Corn shall apply to shipping stations upriver from the obstruction:

- (a) The maker and taker of delivery may negotiate mutually agreeable terms of performance.
- (b) If the maker and/or the taker elect not to negotiate mutually agreeable terms of performance, then the maker is obligated to provide the same quantity and like quality of grain pursuant to the terms of the shipping certificate(s) with the following exceptions and additional requirements:
  - (i) The maker must provide loaded barge(s) to the taker on the Illinois River between the lowest closed lock and St. Louis, inclusive, or on the Mid-Mississippi River between Lock 11 at Dubuque, Iowa and St. Louis, inclusive.
  - (ii) The loaded barge(s) provided to the taker must have a value equivalent to C.I.F. NOLA, with the maker of delivery responsible for the equivalent cost, insurance and freight.
  - (iii) The taker of delivery shall pay the maker 18 cents per bushel for Chicago and Burns Harbor Switching District shipping certificates, 16 cents per bushel for Lockport-Seneca District shipping certificates, 15 1/2 cents per bushel for Ottawa-Chillicothe District shipping certificates, and 15 cents per bushel for Peoria-Pekin District shipping certificates, as a reimbursement for the cost of barge freight.
- (c) In the event that the obstruction or condition of impossibility listed in regulation 1081.01(12)(G)(8) will affect a majority of regular shipping stations, but no announcement of the anticipated period of obstruction is made, then shipment may be delayed for the number of days that such impossibility prevails.

10C81.01(13) Location - For the delivery of Corn, regular warehouses or shipping stations may be located within the Chicago Switching District or within the Burns Harbor, Indiana Switching District or within the Lockport-Seneca Shipping District or within the Ottawa-Chillicothe Shipping District or within the Peoria-Pekin Shipping District.

No such warehouse or shipping station within the Chicago Switching District shall be declared regular unless it is conveniently approachable by vessels of ordinary draft and has customary shipping facilities. Ordinary draft shall be defined as the lesser of (1) channel draft as recorded in the Lake Calumet Harbor Draft Gauge, as maintained by the Corps of Engineers, U.S. Army, minus one (1) foot, or (2) 20 feet.

Delivery in Burns Harbor must be made "in store" in regular elevators or by shipping certificate at regular shipping stations providing water loading facilities and maintaining water depth equal to normal seaway draft of 27 feet.

In addition, deliveries of grain may be made in regular elevators or shipping stations within the Burns Harbor Switching District PROVIDED that:

- (a) When grain represented by shipping certificates is ordered out for shipment by a barge, it will be the obligation of the party making delivery to protect the barge freight rate from the Chicago Switching District (i.e. the party making delivery and located in the Burns Harbor Switching District will pay the party taking delivery an amount equal to all expenses for the movement of the barge from the Chicago Switching District, to the Burns Harbor Switching District and the return movement back to the Chicago Switching District).

If inclement weather conditions make the warehouse or shipping station located in the Burns Harbor Switching District unavailable for barge loadings for a period of five or more calendar days, the party making delivery will make grain available on the day following this five calendar day period to load into a barge at one mutually agreeable water warehouse or shipping station located in the Chicago Switching District; PROVIDED that the party making delivery is notified on the first day of that five-day period of inclement weather that the barge is available for movement but cannot be moved from the Chicago Switching District to the Burns Harbor Switching District, and is requested on the last day of this five day calendar period in which the barge cannot be moved.

- (b) When grain represented by shipping certificates is ordered out for shipment by vessel, and the party taking delivery is a recipient of a split delivery of grain between a warehouse or shipping station located in Burns Harbor and a warehouse or shipping station in Chicago, and the grain in the Chicago warehouse or shipping station will be loaded onto this vessel; it will be the obligation of the party making delivery at the request of the party taking delivery to protect the holder of the shipping certificates against any additional charges resulting from loading at one berth in the Burns Harbor Switching District and at one berth in the Chicago Switching District as compared to a single berth loading at one location. The party making delivery, at his option, will either make the grain available at one water warehouse or shipping station operated by the party making delivery and located in the Chicago Switching District for loading onto the vessel, make grain available at the warehouse or shipping station in Burns Harbor upon the surrender of shipping certificates issued by other regular elevators or shipping stations located in the Chicago Switching District at the time vessel loading orders are issued, or compensate the party taking delivery in an amount equal to all applicable expenses, including demurrage charges, if any, for the movement of the vessel between a berth in the other switching district. On the day that the grain is ordered out for shipment by vessel, the party making delivery will declare the regular warehouse or shipping station in which the grain will be available for loading.

Delivery within the Lockport-Seneca Shipping District or within the Ottawa-Chillicothe Shipping District or within the Peoria-Pekin Shipping District or within the Havana-Grafton Shipping District must be made at regular shipping stations providing water loading facilities and maintaining water depth equal to the draft of the Illinois River maintained by the Corps of Engineers.

10C81.01(14) Billing - (see 1081.01(14)A and 1081.01(14)F)

10C81.01(15) through 10C81.01(17) - (see 1081.01(15) through 1081.01(17))  
(11/01/01)

C1081.01A Inspection - (see 1081.01A) (08/01/98)

C1081.01B Billing When Grain is Loaded Out - (see 1081.01B) (08/01/98)

C1081.01C Car of Specified Capacity - (see 1081.01C) (08/01/98)

C1082.01 Insurance - (see 1082.00) (08/01/98)

C1083.01 Variation Allowed - (see 1083.00) (08/01/98)

C1083.02 Excess or Deficiency in Quantity - (see 1083.01) (08/01/98)

C1084.01 Revocation, Expiration or Withdrawal of Regularity - (see 1084.01)  
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C1085.01 Application for Declaration of Regularity - (see 1085.01) (08/01/98)

C1086.01 Federal Warehouses - (see 1086.01) (08/01/98)

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Ch10S Trading Conditions

S1001.01 Application of Regulations - Transactions in Soybean futures shall be subject to the General Rules of the Association as far as applicable and shall also be subject to Regulations contained in this chapter which are exclusively applicable to trading in Soybeans.

S1004.01 Unit of Trading - (see 1004.00) (08/01/98)

S1005.01 Months Traded in - (see 1005.01A) (08/01/98)

S1006.01 Price Basis - (see 1006.00 and 1006.01) (08/01/98)

S1007.01 Hours of Trading - (see 1007.00 and 1007.02) (08/01/98)

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S1009.01 Last Day of Trading - (see 1009.02) (08/01/98)

S1010.01 Margin Requirements - (see 431.03) (08/01/98)

S1012.01 Position Limits and Reportable Positions - (see 425.01) (08/01/98)

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S1036.00 Grade Differentials - (see 1036.00) (08/01/98)

S1036.01 Location Differentials - Soybeans for shipment from regular shipping stations located within the Chicago Switching District or the Burns Harbor, Indiana Switching District may be delivered in satisfaction of Soybean futures contracts at contract price, subject to the differentials for class and grade outlined above. Soybeans for shipment from regular shipping stations located within the Lockport-Seneca Shipping District may be delivered in satisfaction of soybean futures contracts at a premium of 2 cents per bushel over contract price, subject to the differentials for class and grade outlined above. Soybeans for shipment from regular shipping stations located within the Ottawa-Chillicothe Shipping District may be delivered in satisfaction of Soybean futures contracts at a premium of 2 1/2 cents per bushel over contract price, subject to the differentials for class and grade outlined above. Soybeans for shipment from regular shipping stations located within the Peoria-Pekin Shipping District may be delivered in satisfaction of Soybean futures contracts at a premium of 3 cents per bushel over contract price, subject to the differentials for class and grade outlined above. Soybeans for shipment from regular shipping stations located within the Havana-Grafton Shipping District may be delivered in satisfaction of soybean futures contracts at a premium of 3 1/2 cents per bushel over contract price, subject to the differentials for class and grade outlined above. Soybeans for shipment from regular shipping stations located in the St. Louis-East St. Louis and Alton Switching Districts may be delivered in satisfaction of Soybean futures contracts at a premium of 6 cents per bushel over contract price, subject to the differentials for class and grade outlined above. (08/01/98)

S1038.01 Grades - (see 1038.00 and 1038.01) (08/01/98)

S1041.01 Delivery Points - Soybean Shipping Certificates shall specify shipment from one of the warehouses or shipping stations currently regular for delivery and located in one of the following territories:

- A. Chicago and Burns Harbor, Indiana Switching District - When used in these Rules and Regulations, the Chicago Switching District will be that area geographically defined by Tariff ICC WTL 8020-Series and that portion of the Illinois Waterway at or above river mile 304 which includes the Calumet Sag Channel and the Chicago Sanitary & Ship Canal. When used in these Rules and Regulations, Burns Harbor, Indiana Switching District will be that area geographically defined by the boundaries of Burns Waterway Harbor at Burns Harbor, Indiana which is owned and operated by the Indiana Port Commission.
- B. Lockport-Seneca Shipping District - When used in these Rules and Regulations, the Lockport-Seneca Shipping District will be that portion of the Illinois Waterway below river mile 304 at the junction of the Calumet Sag Channel and the Chicago Sanitary & Ship Canal and above river mile 244.6 at the Marseilles Lock and Dam.
- C. Ottawa-Chillicothe Shipping District - When used in these Rules and Regulations, the Ottawa-Chillicothe Shipping District will be that portion of the Illinois Waterway below river mile 244.6 at the Marseilles Lock and Dam and at or above river mile 170 between Chillicothe and Peoria, IL.



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- D. Peoria-Pekin Shipping District - When used in these Rules and Regulations, the Peoria-Pekin Shipping District will be that portion of the Illinois Waterway below river mile 170 between Chillicothe and Peoria, IL and at or above river mile 151 at Pekin, IL.
- E. Havana-Grafton Shipping District - When used in these Rules and Regulations, the Havana-Grafton Shipping District will be that portion of the Illinois Waterway below river mile 151 at Pekin, IL to river mile 0 at Grafton, IL.
- F. St. Louis-East St. Louis and Alton Switching Districts - When used in these Rules and Regulations, St. Louis-East St. Louis and Alton Switching Districts will be that portion of the upper Mississippi River below river mile 218 at Grafton, IL and above river mile 170 at Jefferson Barracks Bridge in south St. Louis, MO. (11/01/01)

S1043.01 Deliveries by Soybean Shipping Certificate - (see 1043.01) (08/01/98)

S1043.02 Registration of Soybean Shipping Certificates - (see 1043.02)  
(08/01/98)

S1046.01 Location for Buying or Selling Delivery Instruments - (see 1046.00A)  
(08/01/98)

S1047.01 Delivery Notices - (see 1047.01) (08//01/98)

S1048.01 Method of Delivery - (see 1048.01) (08/01/98)

S1049.01 Time of Delivery, Payment, Form of Delivery Notice - (see 1049.00)  
(08/01/98)

S1049.02 Time of Issuance of Delivery Notice - (see 1049.01) (08/01/98)

S1049.03 Buyer's Report of Eligibility to Receive Delivery - (see 1049.02)  
(08/01/98)

S1049.04 Seller's Invoice to Buyers - (see 1049.03) (08/01/98)

C1049.05 Payment - Payment shall be made utilizing the electronic delivery system via the Clearing House's Online System. Payment will be made during the 6:45 a.m. collection cycle thus the cost of the delivery will be debited or credited to a clearing firms settlement account. Unless a different time is prescribed by Regulation pertaining to a particular commodity, buyers obligated to accept delivery must take delivery and make payment and sellers obligated to make delivery must make delivery during the 6:45 a.m. settlement process on the day of delivery, except on banking holidays when delivery must be taken or made and payment made before 9:30 a.m. the next banking business day. (10/01/01)

S1050.01 Duties of Members - (see 1050.00) (08/01/98) (see 1056.01) (11/01/01)

S1051.01 Office Deliveries Prohibited - (see 1051.01)

S1054.01 Failure to Accept Delivery - (see 1054.00 and 1054.00A) (08/01/98)

S1056.01 Payment of Premium Charges - (see 1056.01) (11/01/01)

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Ch10S Regularity of Issuers of Shipping

1081.01 Regularity of Warehouses and Issuers of Shipping Certificates - Persons operating grain warehouses or shippers who desire to have such warehouses or shipping stations made regular for the delivery of grain under the Rules and Regulations shall make application for an initial Declaration of Regularity on a form prescribed by the Exchange prior to May 1, 1994, and every even year thereafter, for a two-year term beginning July 1, 1994, and every even year thereafter, and at any time during a current term for the balance of that term. Regular grain warehouses or shippers who desire to increase their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form. Initial regularity for the current term and increases in regularity shall be effective either thirty days after a notice that a bona fide application has been received is posted on the floor or the exchange, or the day after the application is approved by the Exchange, whichever is later. Applications for a renewal of regularity shall be made prior to May 1, 1994, and every even year thereafter, for the respective years beginning July 1, 1994, and every even year thereafter, and shall be on the same form.

The following shall constitute the requirements and conditions for regularity:

- (1) The warehouse or shipping station making application shall be inspected by the Registrar or the United States Department of Agriculture. Where application is made to list as regular a warehouse which is not regular at the time of such application, the applicant may be required to remove all grain from the warehouse and to permit the warehouse to be inspected and the grain graded, after which such grain may be returned to the warehouse and receipts issued therefor.

The operator of a shipping station issuing Soybean Shipping Certificates shall limit the number of Shipping Certificates issued to an amount not to exceed:

- (a) 20 times his registered total daily rate of loading barges, or in the case of Chicago, Illinois and Burns Harbor, Indiana Switching Districts, his registered storage capacity,
- (b) and a value greater than 25 percent of the operator's net worth.

The shipper issuing Soybean Shipping Certificates shall register his total daily rate of loading barges at his maximum 8 hour loadout capacity in amount not less than:

- (a) one barge per day at each shipping station within the Lockport-Seneca Shipping District, within the Ottawa-Chillicothe Shipping District, within the Peoria-Pekin Shipping District, within the Havana-Grafton Shipping District, and within the St. Louis-East St. Louis and Alton Switching Districts, and
  - (b) three barges per day at each shipping station in the Chicago, Illinois and Burns Harbor, Indiana Switching District.
- (2) Shippers located in the Chicago, Illinois and Burns Harbor, Indiana Switching District shall be connected by railroad tracks with one or more railway lines.

1081.01(3) through 1081.01(12)G(8) - (see 1081.01(3) through 1081.01(12)G(8))

Ch10S Delivery Procedures

10S81.01(12)G(9) In the event that it has been announced that river traffic will be obstructed for a period of fifteen days or longer as a result of one of the conditions of impossibility listed in regulation 1081.01(12)(G)(8) and in the event that the obstruction will affect a majority of regular shipping stations, then the following barge load-out procedures for soybeans shall apply to shipping stations upriver from the obstruction:

- (a) The maker and taker of delivery may negotiate mutually agreeable terms of performance.
- (b) If the maker and/or the taker elect not to negotiate mutually agreeable terms of performance, then the maker is obligated to provide the same quantity and like quality of grain pursuant to the terms of the shipping certificate(s) with the following exceptions and additional requirements:
  - (i) The maker must provide loaded barge(s) to the taker on the Illinois River between the lowest closed lock and St. Louis, inclusive, or on the Mid-Mississippi River between Lock 11 at Dubuque, Iowa and St. Louis, inclusive.
  - (ii) The loaded barge(s) provided to the taker must have a value equivalent to C.I.F. NOLA, with the maker of delivery responsible for the equivalent cost, insurance and freight.
  - (iii) The taker of delivery shall pay the maker 18 cents per bushel for Chicago and Burns Harbor Switching District shipping certificates, 16 cents per bushel for Lockport-Seneca District shipping certificates, 15 1/2 cents per bushel for Ottawa-Chillicothe District shipping certificates, 15 cents per bushel for Peoria-Pekin District shipping certificates, and 14 1/2 cents per bushel for Havana-Grafton District shipping certificates as a reimbursement for the cost of barge freight.
- (c) In the event that the obstruction or condition of impossibility listed in regulation 1081.01(12)(G)(8) will affect a majority of regular shipping stations, but no announcement of the anticipated period of obstruction is made, then shipment may be delayed for the number of days that such impossibility prevails.

10S81.01(13) Location - For the delivery of Soybeans, regular warehouses or shipping stations may be located within the Chicago Switching District or within the Burns Harbor, Indiana Switching District or within the Lockport-Seneca Shipping District or within the Ottawa-Chillicothe Shipping District or within the Peoria-Pekin Shipping District or within the Havana-Grafton Shipping District or in the St. Louis-East St. Louis and Alton Switching Districts.

No such warehouse or shipping station within the Chicago Switching District shall be declared regular unless it is conveniently approachable by vessels of ordinary draft and has customary shipping facilities. Ordinary draft shall be defined as the lesser of (1) channel draft as recorded in the Lake Calumet Harbor Draft Gauge, as maintained by the Corps of Engineers, U.S. Army, minus one (1) foot, or (2) 20 feet.

Delivery in Burns Harbor must be made "in store" in regular elevators or by shipping certificate at regular shipping stations providing water loading facilities and maintaining water depth equal to normal seaway draft of 27 feet.

In addition, deliveries of grain may be made in regular elevators or shipping stations within the Burns Harbor Switching District PROVIDED that:

- (a) When grain represented by shipping certificates is ordered out for shipment by a barge, it will be the obligation of the party making delivery to protect the barge freight rate from the Chicago Switching District (i.e. the party making delivery and located in the Burns Harbor Switching District will pay the party taking delivery an amount equal to all expenses for the movement of the barge from the Chicago Switching District, to the Burns Harbor Switching District and the return movement back to the Chicago Shipping District).

If inclement weather conditions make the warehouse or shipping station located in the Burns Harbor Switching District unavailable for a period of five or more calendar days, the party making the delivery will make grain available on the day following this five calendar day period to load into a barge at one mutually agreeable water warehouse or shipping station located in the Chicago Switching District; PROVIDED that the party making delivery is notified on the first day of that five-day period of inclement weather that the barge is available for movement but cannot be moved from the Chicago Switching District to the Burns Harbor Switching District, and is requested on the last day of this five day calendar period in which the barge cannot be moved.

(b) When grain represented by shipping certificates is ordered out for shipment by vessel, and the party taking delivery is a recipient of a split delivery of grain between a warehouse or shipping station located in Burns Harbor and a warehouse or shipping station in Chicago, and the grain in the Chicago warehouse or shipping station will be loaded onto this vessel; it will be the obligation of the party making delivery at the request of the party taking delivery to protect the holder of the shipping certificates against any additional charges resulting from loading at one berth in the Burns Harbor Switching District and at one berth in the Chicago Switching District as compared to a single berth loading at one location. The party making delivery, at his option, will either make the grain available at one water warehouse or shipping station operated by the party making delivery and located in the Chicago Switching District for loading onto the vessel, make grain available at the warehouse or shipping station in Burns Harbor upon the surrender of shipping certificates issued by other regular elevators or shipping stations located in the Chicago Switching District at the time vessel loading orders are issued, or compensate the party taking delivery in an amount equal to all applicable expenses, including demurrage charges, if any, for the movement of the vessel between a berth in the other switching district. On the day that the grain is ordered out for shipment by vessel, the party making delivery will declare the regular warehouse or shipping station in which the grain will be available for loading.

Delivery within the Lockport-Seneca Shipping District or within the Ottawa-Chillicothe Shipping District or within the Peoria-Pekin Shipping District or within the Havana-Grafton Shipping District must be made at regular shipping stations providing water loading facilities and maintaining water depth equal to the draft of the Illinois River maintained by the Corps of Engineers.

Delivery in the St. Louis-East St. Louis and Alton Switching District must be made at regular shipping stations providing water loading facilities and maintaining water depth equal to the draft of the Mississippi River maintained by the Corps of Engineers.  
(12/01/00)

10S81.01(14) Billing - (see 1081.01(14)A and 1081.01(14)F)

10S81.01(15) through 10S81.01(17) - (see 1081.01(15) through 1081.01(17))  
(11/01/01)

S1081.01A Inspection - (see 1081.01A) (08/01/98)

S1081.01B Billing When Grain is Loaded Out - (see 1081.01B) (08/01/98)

S1081.01C Car of Specified Capacity - (see 1081.01C) (08/01/98)

S1082.01 Insurance - (see 1082.00) (08/01/98)

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S1083.01 Variation Allowed - (see 1083.00) (08/01/98)

S1083.02 Excess or Deficiency in Quantity - (see 1083.01) (08/01/98)

S1084.01 Revocation, Expiration or Withdrawal of Regularity - (see 1084.01)  
(08/01/98)

S1085.01 Application for Declaration of Regularity - (see 1085.01) (08/01/98)

S1086.01 Federal Warehouses - (see 1086.01) (08/01/98)



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Ch11 Trading Conditions

1101.00 Authority - On or after January 30, 1950, trading in Crude Soybean Oil futures may be conducted under such terms and conditions as may be prescribed by Regulation. 801 (09/01/94)

1102.01 Application of Regulations - Transactions in Crude Soybean Oil futures shall be subject to the general rules of the association as far as applicable and shall also be subject to the Regulations contained in this Chapter which are exclusively applicable to trading in Crude Soybean Oil. 2000 (09/01/94)

1104.01 Unit of Trading - The unit of trading for Crude Soybean Oil shall be 60,000 pounds. Bids and offers may be accepted in lots of 60,000 pounds or multiples thereof. For trading purposes, one tank car shall be equivalent to 60,000 pounds. 2003 (09/01/94)

1105.01 Months Traded In - Trading in Crude Soybean Oil may be conducted in the current month and any subsequent months. 2004 (09/01/94)

1106.01 Price Basis - All prices of Crude Soybean Oil shall be basis Decatur, Illinois in multiples of 1/100th of one cent per pound. Contracts shall not be made on any other price basis. 2005 (09/01/94)

1107.01 Hours of Trading - The hours of trading for future delivery in Crude Soybean Oil shall be from 9:30 a.m. to 1:15 p.m. except that on the last day of trading in an expiring future the hours with respect to such future shall be from 9:30 a.m. to 12 o'clock noon subject to the provisions of the second paragraph of Rule 1007.00. Market shall be opened and closed with a public call made month by month, conducted by such persons as the Regulatory Compliance Committee shall direct. 2007 (09/01/94)

1108.01 Trading Limits - (See 1008.01) (09/01/94)

1108.01A Trading Limits - (See 1008.01A) (09/01/94)

1109.01 Last Day of Trading - No trades in Crude Soybean Oil futures deliverable in the current month shall be made after the business day preceding the 15th calendar day of that month and any contracts remaining open may be settled by delivery after trading in such contracts has ceased; and, if not previously delivered, delivery must be made on the last business day of the month. 2008 (01/01/00)

1109.02 Trading in the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased in accordance with Regulation 1109.01 of this Chapter, outstanding contracts for such delivery may be liquidated by means of (a bona fide) exchange of such current futures for the (actual) cash commodity. 2009 (08/01/98)

1110.01 Margin Requirements - (See Regulation 431.03) (09/01/94)

1111.01 Disputes - All disputes between interested parties may be settled by arbitration as provided in the Rules and Regulations. 2011 (09/01/94)

1112.01 Position Limits and Reportable Positions - (See 425.01) (09/01/94)

Ch11 Delivery Procedures

1136.01 Standards - The contract grade for delivery on futures contracts made under these Regulations shall be Crude Soybean Oil which conforms to the following specifications:

- (a) It shall be one of the following types: Expeller pressed, expeller pressed degummed, solvent extracted, or solvent extracted degummed. Mixtures of one type with any other type shall not be deliverable;
- (b) It shall contain not more than 0.3% moisture and volatile content;
- (c) It shall be lighter in green color than Standard "A" and when refined and bleached shall produce a refined and bleached oil of not deeper color than 3.5 red on the Lovibond scale;
- (d) It shall refine with a loss not exceeding 5% as determined by the "neutral oil" method;
- (e) It shall have a flash point not below 250 degrees Fahrenheit, closed cup method;
- (f) It shall contain no more than 1.5% unsaponifiable matter (exclusive of moisture and volatile matter).

No lower grade shall be delivered in satisfaction of contracts for future delivery. A higher grade may be delivered at contract price except that where the refining loss is less than 5% as determined by the "neutral oil" method, a premium of one percent of the cash market price at the time of loading shall be paid for each one percent under the 5% loss (fractions figured throughout) with a maximum credit of 41-2%.

American Oil Chemists' Society methods shall be followed for sampling and analysis for all tests, except for determining green color, which test shall be the National Soybean Processors Association tentative method.

A tolerance of 150 lbs. of sludge shall be allowed for each trading unit of 60,000 lbs. If the car contains more than 150 lbs. of sludge or if a truck contains more than 125 lbs. of sludge, an allowance shall be made to the Buyer for a total amount of sludge up to 1,000 lbs. at 50% of the price at time of unloading car. Sludge in excess of 1,000 lbs. shall be allowed for at the price at time of unloading car.

Sludge shall be considered to be solid residue which cannot be pumped and squeegeed from the car for the net out-turn weight. 2002 (09/01/94)

1136.02 United States Origin Only - Effective September 1, 1992, a futures contract for the sale of soybean oil shall be performed on the basis of United States origin only upon written request by a taker of delivery at the time loading orders are submitted. (09/01/94)

1137.01 Official Chemist's Certificates - Certificates for quality analysis by any Official Chemists shall be acceptable and binding on all parties except as otherwise provided.

The official chemists are Woodson-Tenent Laboratories with laboratories located at Memphis, Tenn. and Des Moines, Ia.; and Barrow-Agee Laboratories, Memphis, Tenn. 2029 (10/01/01)

1138.01 Sampling - Samples shall be drawn at time of loading by Official Samplers licensed by the Exchange. The Official Sample shall be 2 one-quart and 1 half-gallon samples. These portions should be packaged in clean, dry and new containers. Either tinned metal containers or high density polyethylene bottles fitted with metal caps having oil resistant cap liners are acceptable. Polyethylene containers must be enclosed for shipping in custom-made, close fitting cardboard containers. The sample must be drawn at the time of loading in accordance with A.O.C.S. Official Method for sampling crude oils (C1-47-Continuous Flow and Trier methods) and shall be so indicated on invoice. If the Shipper neglects to provide such a sample at the time of loading or fails to show on invoice that an Official Sample has been taken, a sample drawn at destination shall be official when taken in accordance with the A.O.C.S. Official Methods as noted above. Shipper shall forward to Consignee one of the one-quart portions at no expense to Consignee within one working day of completion of loading and label of sample must designate type of oil and plant destination. The one-half gallon portion (third portion) is to be retained by Shipper as the referee sample for a minimum of thirty days

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after loading.

Each sample must be accompanied by a certificate in the following form:

Board of Trade of the City of Chicago

OFFICIAL SAMPLERS CERTIFICATE

I hereby certificate that sample marked \_\_\_\_\_ was drawn by me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, within 24 hours after loading tank car or truck in accordance with the requirements of Regulation 1138.01 of the Board of Trade of the City of Chicago, and that it is a fair and true sample of the contents of:

Car/Truck No. (and initial) \_\_\_\_\_, located at \_\_\_\_\_ containing approximately \_\_\_\_\_ pounds, of \_\_\_\_\_

(Expeller pressed. Expeller pressed degummed, Solvent Extracted, \_\_\_\_\_ type Crude Soybean Oil. Solvent Extracted Degummed)

\_\_\_\_\_ Solvent used.

That sample was taken in a manner prescribed by the American Oil Chemists Society.

\_\_\_\_\_  
OFFICIAL SAMPLER

2023  
(01/01/00)

1139.01 Weighing - On all deliveries, the weight as determined by an Official Weigher shall be binding on all interested parties. Due allowance shall be made to cover the loss of weight due to sampling, if sample is drawn from weighing. An official weigher is a person or agency approved by the Exchange. 2024 (09/01/94)

1140.01 Grading - Shipper shall have option, and advise warehouse receipt holder of his selection at time of receipt of loading instructions, of having grade determined by one of the following methods:

- A. Official Chemist Analysis, shipper to pay the cost.
- B. Comparison between consignee's and shipper's analyses.
  1. Each party must mail to other party his analysis within 15 days after bill of lading date.
  2. If parties do not agree as to quality (refining loss excepted) either one may request analysis by Official Chemist. The findings of the Official Chemist shall be binding on both parties and the cost of such analysis shall be charged to the party against whom the decision results.
  3. In case of refining loss, based on the "neutral oil" method, if the difference is not over three tenths of one percent the settlement shall be made on the average of the two, otherwise the retained sample shall be sent to Official Chemist for analysis. If the Official Chemist's results are the mean of the shippers' and consignees' analyses, then the cost shall be shared equally; otherwise, the cost shall be charged to the party against whom the decision results. 2025 (09/01/94)

\*1141.01 Delivery Points - Crude Soybean Oil may be delivered in satisfaction of Soybean Oil futures contracts from regular warehouses located in Illinois Territory, Eastern Territory, Eastern Iowa Territory, Southwest Territory, Western Territory or [Northwest] Northern Territory as defined in this

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regulation and at the following price differentials:

- (a) Illinois Territory (That portion of the state of Illinois north of latitude 38(degrees)00' N.) .... at contract price.
- (b) Eastern Territory (Those portions of the states of Indiana and Kentucky west of the Ohio-Indiana border and its extension and north of latitude 38(degrees)00'N.) . . . at 40/100ths of one cent per pound under contract price.
- (c) Eastern Iowa Territory (That portion of the state of Iowa east of longitude 93(degrees)50'W.) . . . at 10/100ths of one cent per pound under contract price.
- (d) Southwest Territory (Those portions of the states of Missouri and Kansas north of latitude 38(degrees)00'N. and east of longitude 97(degrees)00'W.) . . . at 15/100ths of one cent per pound over contract price.

[(e) Northwest Territory (Those portions of the state of Minnesota south of latitude 45 (degrees) 10'N., South

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Dakota south of latitude 45 (degrees) 10N., and east of 979 (degrees)00'W., Iowa west of longitude 93 (degrees)50'W., and Nebraska east of longitude 97 (degrees)00'W.) . . . at 55/100ths of one cent per pound under contract price.]

(f) Western Territory (Those portions of the states of Iowa west of

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longitude 93 E 50' W., and Nebraska east of longitude 97 E 00' W.)... at  
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XX/100ths of one cent per pound under contract price.  
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(g) Northern Territory (Those portions of the state of Minnesota south of

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latitude 45 E 10' N., and South Dakota south of latitude 45 E 10' N., and  
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east of 97 E 00' W.)... at XX/100ths of one cent per pound under contract  
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price.  
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(h) For a given soybean crop year ending August 31, excluding the period

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September 1 through December 31, and for a given Soybean Oil futures  
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delivery territory except the "Illinois Territory:" when the weekly (as  
of Friday) cumulative average ratio of outstanding Soybean Oil Warehouse  
Receipts to CBOT maximum 24 hour soybean crushing capacity within that  
Soybean Oil futures delivery territory, relative to that ratio for the  
combined remaining Soybean Oil territories, is less than or equal to  
0.5, payment for Warehouse Receipts issued from that Soybean Oil  
territory will be at a premium of 10 cents per hundredweight over  
contract price in addition to the delivery territorial differential  
adjustment.

(i) For a given soybean crop year ending August 31, excluding the period

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September 1 through December 31, when the "Illinois Territory's" weekly  
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(as of Friday) cumulative average ratio of outstanding Soybean Oil  
Warehouse Receipts to maximum CBOT 24 hour soybean crushing capacity  
within the Illinois Soybean Oil futures delivery territory, relative to  
that ratio for the combined remaining Soybean Oil territories, is less  
than or equal to 0.5, payment for Warehouse Receipts issued from all  
other Soybean Oil territories will be at a discount of 10 cents per  
hundredweight under contract price in addition to the delivery  
territorial differential adjustments.

(j) For a given soybean crop year ending August 31, excluding the period

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September 1 through December 31, and for a given Soybean Oil futures  
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delivery territory except the "Illinois Territory," when the weekly (as  
of Friday) cumulative average ratio of outstanding Soybean Oil Warehouse  
Receipts to CBOT maximum 24 hour soybean crushing capacity within that  
Soybean Oil futures delivery territory, relative to that ratio for the  
combined remaining Soybean Oil territories, is greater than or equal to  
2.0, payment for Warehouse Receipts issued from that Soybean Oil  
territory will be at a discount of 10 cents per hundredweight under  
contract price in addition to the delivery territorial differential  
adjustment.

(k) For a given soybean crop year ending August 31, excluding the period

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September 1 through December 31, when the "Illinois Territory's" weekly  
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(as of Friday) cumulative average ratio of outstanding Soybean Oil  
Warehouse Receipts to CBOT maximum 24 hour soybean crushing capacity  
within the Illinois Soybean Oil futures delivery territory, relative to  
that ratio for the combined remaining Soybean Oil territories, is  
greater than or equal to 2.0, payment for Warehouse Receipts issued from  
all other Soybean Oil territories will be at a premium of 10 cents per  
hundredweight over contract price in addition to the delivery  
territorial differential adjustments.

(l) Items [(f) through (i)](g) through (j) of Regulation 1141.01 shall apply

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to all CBOT Soybean Oil futures contracts delivered during a one  
calendar year period beginning with January following the soybean crop  
year ending August 31, provided that there are on a weekly average at  
least 150 outstanding Soybean Oil Warehouse Receipts in all Soybean Oil  
delivery territories combined during that previous soybean crop year.

(m) Based on the adjustments made to territorial delivery differentials  
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during a given calendar year as outlined in items [(f) through (j)](g)

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through (k) of Regulation 1141.01, the CBOT shall announce and publish  
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by September 15 of that given calendar year new territorial delivery  
differentials applicable to all Soybean Oil futures contracts delivered  
during the next calendar year. 2015 (01/01/03)

\* Additions underlined; deletions bracketed for contracts from January 2004 forward.

1142.01 Deliveries By Warehouse Receipts - Except as otherwise provided, deliveries on Crude Soybean Oil shall be made by delivery of warehouse receipts issued by warehouses which have been approved and designated as regular warehouses by the Exchange for the storage of Crude Soybean Oil. The warehouse receipt shall be accompanied by insurance certificates or the warehouse receipt marked "insured". In order to effect a valid delivery each warehouse receipt must be endorsed by the holder making the delivery. 2012 (06/01/01)

1143.01 Registration of Warehouse Receipts - Warehouse receipts, in order to be eligible for delivery, must be registered with the Official Registrar. Registration of warehouse receipts shall also be subject to the following requirements:

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- (a) Warehousemen who are regular for delivery may register warehouse receipts at any time. If the warehouseman determines not to tender the warehouse receipt by 4:00 p.m. on the day it is registered, the warehouseman shall declare the receipt has been withdrawn but is to remain registered by transmitting to the Registrar the warehouse receipt number and the name and location of the warehouse facility. The holder of a registered warehouse receipt may cancel its registration at any time. A warehouse receipt which has been canceled may not be registered again.
- (b) No notice of intention to deliver a warehouse receipt shall be tendered to the Clearing House unless said warehouse receipt is registered and in the possession of the Clearing House member tendering the notice or unless a warehouse receipt is registered and outstanding. When a notice of intention to deliver a warehouse receipt has been tendered to the Clearing House, said warehouse receipt shall be considering "outstanding".
- (c) From his own records, the Registrar shall maintain a current record of the number of warehouse receipts that are registered and shall be responsible for posting this record on the Exchange Floor and the CBOT website. The record shall not include any receipts that have been declared withdrawn.
- (d) When a regular warehouseman regains control of a registered warehouse receipt issued against stocks in one of his regular warehouses, which in any manner relieves him of the obligation to loadout crude soybean oil upon demand of a party other than himself, the warehouseman shall by 4:00 p.m. of that business day either cancel the registration of said warehouse receipt or declare that said warehouse receipt is withdrawn but is to remain registered by transmitting to the Registrar the warehouse receipt number and the name and location of the regular warehouse, except in the case where a notice of intention to redeliver said warehouse receipt for the warehouseman has been tendered to the Clearing House by 4:00 p.m. of the day that the warehouseman regained control of said warehouse receipt.
- (e) The Registrar shall not divulge any information concerning the registration, delivery or cancellation of warehouse receipts other than the record posted on the Exchange Floor and the CBOT website, except that he shall issue a weekly report showing the total number of registered warehouse receipts as of 4:00 p.m. on the last trading day of each week. In addition to the information posted on the Exchange Floor and CBOT website, this weekly report will show the names of warehousemen whose warehouse receipts are registered and the location of the warehouses involved. The report shall not include any receipts that have been declared withdrawn.  
2013 (11/01/02)

1144.01 Receipt Format - The following form of warehouse receipt shall be used:

Date \_\_\_\_\_

No. \_\_\_\_\_

Received in store \_\_\_\_\_, 20\_\_\_\_\_, in \_\_\_\_\_

Warehouse, located at \_\_\_\_\_

in the Illinois \_\_\_\_\_ Territory, \_\_\_\_\_ pounds

Eastern \_\_\_\_\_

Eastern Iowa \_\_\_\_\_

Southwest \_\_\_\_\_

Northwest \_\_\_\_\_

of Crude Soybean Oil under standards of the Board of Trade of the City of Chicago, which will be delivered, subject to and in conformity with the Rules and Regulations of the Board of Trade of the City of Chicago, to the order of

\_\_\_\_\_

upon surrender of this receipt and payment of all charges.

This oil is stored subject to the provisions of the laws of the State in relation to warehousemen, any applicable Federal Laws, and subject to the Rules and Regulations of the Board of Trade of the City of Chicago, as filed with the Commodity Exchange Authority.

The warehouseman acknowledges that the oil so received into store complies with the requirements of said Rules and Regulations of the Board of Trade of the City of Chicago and that said oil is tenderable on contracts for future delivery made

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under said Rules and Regulations.

The warehouseman states that at the warehouseman's own expense said oil is insured and will be kept insured for the current market value against loss or damage from fire, lightning and/or any of the contingencies covered in the standard extended coverage form for the benefit of the holder of this receipt.

Storage rates of \_\_\_\_\_ per hundred pounds, per day shall include the cost of insurance. The cost of loading into tank cars shall be \_\_\_\_\_ of 1(cent) per pound. The cost of loading into trucks shall be \_\_\_\_\_ of 1(cent) per pound.

The warehouseman claims a lien for the following:

All storage charges have been paid on Crude Soybean Oil covered by this receipt up to and including the last date endorsed below.

Storage Payments

_____	By _____	_____
		Company
_____	By _____	By _____
		Registration of this
		Receipt must be
		canceled before
_____	By _____	property can be
		released

2034

(01/01/00)

1145.01 Lost or Destroyed Negotiable Warehouse Receipts - (See Regulation 1045.01) (04/01/00)

1146.01 Date of Delivery - Where Crude Soybean Oil is sold for delivery in a specified month, delivery of such Crude Soybean Oil may be made by the Seller upon such day of the specified month as the Seller may select. If not previously delivered, delivery must be made upon the last business day of the month. 2017 (09/01/94)

1147.00 Delivery Notice - (See 1047.00) (09/01/94)

1147.01 Delivery Notices - (See 1047.01) (09/01/94)

1148.00 Method of Delivery - (See 1048.00) (09/01/94)

1149.00 Time of Delivery, Payment, Form of Delivery Notice - (See 1049.00) (09/01/94)

1149.02 Buyers' Report of Eligibility to Receive Delivery - (See 1049.02) (09/01/94)

1149.03 Sellers' Invoice to Buyers - (See 1049.03) (09/01/94)

1149.04 Payment - (See 1049.04) (09/01/94)

1150.00 Duties of Members - (See 1050.00) (09/01/94)

1151.01 Office Deliveries Prohibited - No office deliveries of warehouse receipts may be made by members of the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it receives from its customers who are short. 2009 (09/01/94)

1154.00 Failure to Accept Delivery - (See 1054.00) (09/01/94)

1156.01 Storage Charges - No Soybean Oil Warehouse Receipts shall be valid for delivery on future contracts unless the storage charges shall have been paid up to and including the 18/th/ day of the preceding month and such payment endorsed on the Soybean Oil Warehouse Receipt unless registration is at a later date. Unpaid accumulated storage charges at the posted tariff applicable to the warehouse where the soybean oil is stored shall be allowed and credited to the buyer by the seller to and including date of delivery.

If storage rates are not paid on-time up to and including the 18/th/ calendar day preceding the delivery month of July and by the first calendar day of this delivery month, a late charge will apply. The late charge will be an amount equal to the total unpaid accumulated storage rates multiplied by the "prime interest rate" in effect on the day that the accrued storage rates are paid, all multiplied by the number of calendar days that storage is overdue, divided by 360 days. The term "prime interest rate" shall mean the lowest of the rates announced by each of the following four banks at Chicago, Illinois, as its "prime rate": Bank of America-Illinois, Bank One, Harris Trust & Savings Bank, and the Northern Trust Company.

The storage rates on Crude Soybean Oil shall not exceed 3/10th of one cent per day per 100 pounds. When shipper schedules tank car loading, storage shall continue through the date of surrender of a properly cancelled warehouse receipt and shall begin again on the sixth day after surrender date if loading has not been completed and continue until the oil has been loaded. When shipper schedules truck loading storage, charges shall continue through the date of loading. Regular Soybean Oil warehousemen shall maintain in the immediate vicinity of the Exchange either an office, or duly authorized representative or agent approved by the Exchange, to whom Soybean Oil Storage charges may be paid. 2033 (06/01/01)



1156.02 Storage, Car Rental, Etc. - Except as otherwise provided, all charges  
for storage, car

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rental, etc., shall remain the responsibility of the Seller until payment is made. Payment is to be made by a check drawn on and certified by a Chicago bank or by a Cashier's check issued by a Chicago bank. 2020 (09/01/94)

1156.03 Fees - Sampling: The charge for drawing Official samples shall be \$5.00 for each tank car or truck on inbound shipments to a warehouse.

If sampling is ordered at a location where an Official Sampler is not regularly located, all extra costs must be paid by the party ordering the sample.

These charges shall include the cost of delivering the samples to the Official Chemists. 2028 (09/01/94)

1156.04 Loading Charges - The maximum charge for loading tank cars at delivery point shall not exceed 1/40/th/ of one cent per pound and the combined charge for unloading and loading tank cars at delivery point shall not exceed 1/10/th/ of one cent per pound including heating. The maximum charge for loading tank trucks at delivery point shall not exceed 1/25/th/ of one cent per pound.  
(06/01/01)

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\*1180.01 Duties of Warehouse Operators - It shall be the duty of the operators of all regular warehouses:

- (a) To accept Crude Soybean Oil for delivery on Chicago Board of Trade contracts, provided such Crude Soybean Oil is of contract grade when received at such warehouses, and all space in such warehouses is not already filled or contracted for, to pay no premium on refining loss but to receive allowance for sludge. All inbound freight (including the transit charge necessary to obtain the transit balance rate) shall be prepaid by the depositor of the oil. Upon surrender of the inbound billing to the warehouseman the depositor of the oil shall be furnished with a regular Board of Trade Warehouse Receipt endorsed thereon with the transit balance freight to New York.
- (b) To notify the Exchange of any change in the condition of their warehouses.
- (c) To insure soybean oil covered by warehouse receipts tendered for delivery against the contingencies provided for in a standard "All Risks" policy (including earthquake) to such an extent and in such amounts as required by the Exchange.

Any loss or damage to oil caused by leakage or discharge from the storage facilities resulting from the cracking, rupture, bursting, collapse, subsidence or disruption of the containing system, or the negligence of the warehouse operator shall be for the account of the warehouse operator, unless such loss or damage by leakage or discharge from the storage facilities is due to causes required to be insured against under this Regulation.

- (d) To furnish the Exchange with either a copy of the current insurance policy or policies, or a written confirmation from the insurance company that such insurance has been effected.
- (e) To advise the holder of the warehouse receipts when oil is tendered on a futures contract. the freight rate on the oil upon request to New York, N.Y., or to any other specific destinations; and to forward the oil on the basis of these rates whenever shipping instructions are received if orders are received within three days.
- (f) To register their daily load-out rate in jumbo rail tank car equivalents (minimum of 4) with the Exchange. Warehouse Operators shall limit warehouse receipts issued to an amount of soybean oil equal to the lesser of their approved regular space or 30 times the registered daily loading rate for jumbo tank cars times [152,500] 185,000 pounds.  
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- (g) To ship oil ordered out of the warehouses in Buyer's tank cars, if so arranged and to begin loading out soybean oil on or before the third business day following the date the car is ready for loading or the receipt is cancelled, whichever occurs later, at a daily rate per business day equal to the equivalent of shipper's registered daily rate of loading jumbo rail tank cars.

All rail loading orders received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Rail loading orders received after 2:00 p.m. on a business day shall be considered dated the following business day. When loading against rail loading orders and shipping instructions received by a shipper prior to 2:00 p.m. on a given business day, as determined hereunder, cannot be completed on the third following business day, the shipper shall allocate daily loading against such loading orders as equitably as possible on a pro-rata basis on subsequent business days. Loading against all rail orders scheduled for a given business day shall be completed before loading of any orders scheduled for a subsequent business day.

- (h) To load each tank car to its stenciled capacity upon surrender of sufficient warehouse receipts tendered on futures contracts. Any excess or deficiency from amount of warehouse receipt shall be settled at market price as of date of loading. Warehouse to make sight draft on shipper with Bill of Lading attached for any amounts due them in connection with loading oil, including premium for refining loss, unless otherwise mutually agreed.
- (i) To hold tank car after loading free of expense to shipper (except for car rental) until grade is

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ascertained, and if grade is not of contract grade to unload car and reload oil of contract quality free of expense to shipper, and at all times to keep oil fully insured until car is released to railroad.

- (j) To ship oil ordered out of the warehouse in Buyer's tank truck, if so arranged, and to load the oil at a daily rate per business day equal to the equivalent of shipper's registered daily rate of loading for jumbo rail tank cars.

All truck loading orders received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Truck orders received after 2:00 p.m. on a business day shall be considered dated the following business day.

When loading orders are received by 2:00 p.m. of any given business day, the shipper will advise the owner by 4:00 p.m. the same day of loading dates and tonnage due. Notification will be by telephone, telegraph or teletype.

When a shipper has received one or more truck loading orders he shall begin loading against them not later than the third business day following their receipt. When loading against loading orders and shipping instructions received by a shipper prior to 2:00 p.m. on a given business day cannot be completed on the third following business day shipper shall allocate daily loadings against such loading orders as equitably as possible on a pro rata basis on subsequent business days.

Loading against all truck orders scheduled for a given business day shall be completed before loading begins on any orders scheduled for a subsequent business day. Warehouseman will load tank trucks as promptly as possible on the day scheduled. Under no conditions will warehouseman be responsible for truck demurrage as long as it is loaded on day scheduled. Additional loadings may be arranged for by mutual agreement.

- (k) Notwithstanding any other provisions of this Regulation, on days when both rail cars and trucks are loaded, the warehouseman shall be required to load at a minimum daily rate equal to the equivalent of shipper's registered daily rate of loading rail tank cars.

All rail and truck loading orders received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Loading orders received after 2:00 p.m. on a business day shall be considered dated the following business day. When loading against loading orders and shipping instructions received by a shipper prior to 2:00 p.m. on a given business day, as determined hereunder, cannot be completed on the third following business day, the shipper shall allocate daily loading against such loading orders as equitably possible on a pro-rata basis on subsequent business days. Loading against orders scheduled for a given business day shall be completed before loading of any orders for a subsequent business day.

- (l) To keep stock of Crude Soybean Oil in storage in balance with oil represented by outstanding warehouse receipts.

It shall be the privilege of all regular warehouses to mingle or store together oil which is tenderable on contracts for future delivery under these Regulations, with other oil of like type and to deliver on loading orders oil of any contract type. 2031

- (m) Certification of Soybean Oil - Effective September 1, 1992 and upon written request by a taker of delivery at the time loading orders are submitted for the delivery of soybean oil against canceled warehouse receipts, the delivery warehouseman shall certify in writing to the taker of delivery on the day that the transportation conveyance is loaded that the soybean oil is produced from soybeans of U.S. origin only. Warehouse receipts issued prior to September 1, 1992 will be deliverable against futures contracts beginning September 1992 only if the regular warehouseman provides certification on the warehouse receipt that the U.S. origin-only option is available to the taker of delivery of soybean oil. (07/01/02)

\* Addition underlined; deletion bracketed for contracts from January 2004 forward.

1180.01A Responsibility for Furnishing Tank Cars - It shall be the responsibility of the buyer of Crude Soybean Oil on a futures contract to furnish tank cars when ordering Soybean Oil shipped from a warehouse. 26R (09/01/94)

1180.01B Car Ready for Loading - Regulation 1180.01(f) A car is ready for loading when it has

## Ch11 Regularity of Warehouses

been constructively placed and when the shipper has used due diligence in preparing and placing the car on his property for loading. 30R1180.01C Transit vs. Flat Rate (09/01/94)

1180.01C Transit vs. Flat Rate Billing - If warehouseman furnishes transit billing on crude soybean oil applicable to warehouse receipts holder's destination, the warehouse receipt holder shall pay to warehouseman the difference between the transit balance rate and the flat rate. 27R (09/01/94)

1180.01D Freight Differentials - Jumbo Tank Cars - The Board of Directors at its regular meeting held on Tuesday, March 10, 1964, approved the following Ruling recommended by the Crude Soybean Oil and Soybean Meal Committee in light of the reduced rate on jumbo tank cars which became effective on February 9, 1964:

"Effective on March 1964 contracts the freight differentials in Regulations 1141.02 and 1180.02 shall be calculated on the basis of the jumbo tank car rate since it is the lowest lawful carload rate and will be applicable to warehouse receipts bearing no billing and any other warehouse receipts carrying billing that will protect the jumbo tank car rate." 36R (09/01/94)

1180.02 Transit Billing - Transit billing may be applied to shipments at warehouseman's option with warehouseman to get any advantage of such transit application; however, warehouseman must protect the lowest lawful local carload rate from point of loading stated in warehouse receipt to destination indicated in shipping instructions, and such transit billing must allow at least one additional transit beyond delivery points. 2016 (09/01/94)

1180.03 Freight Charges - A warehouseman that is not served by a Class I railroad must compensate the taker of delivery for the switching charge and/or the rail rate to the nearest Class I railroad interchange point for the movement of soybean oil beyond the interchange point by the Class I railroad, if requested by the owner of the soybean oil. The request must be in writing when loading orders and canceled warehouse receipts are presented to the warehouse. (01/01/00)

1181.01 Conditions of Regularity - Warehouses may be declared regular for the delivery of Crude Soybean Oil with the approval of the Exchange. Persons operating bulk oil warehouses who desire to have such warehouses made regular for delivery of Crude Soybean Oil under the Rules and Regulations shall make application for an initial Declaration of Regularity on a form prescribed by the Exchange prior to May 1 of an even year, for a two year term beginning July 1 of that year, and at any time during a current term for the balance of that term. Regular Soybean Oil Warehouses that desire to increase their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form. Initial regularity for the current term and increases in regularity shall be effective either thirty days after a notice that a bona fide application has been received is posted by the Exchange, or the day after the application is approved by the Exchange, whichever is later. Persons operating Soybean Oil Warehouses who desire to have their daily rate of loading decreased, shall file with the Exchange a written request for such decrease. The decrease in the daily rate of loading for the facility will become effective 30 days after a notice has been posted by the Exchange or the day after the number of outstanding receipts at the facility is equal to or less than 30 times the requested rate of loading, whichever is later. Persons operating Soybean Oil Warehouses who wish to have their regular capacity space decreased shall file with the Exchange a written request for such decrease and such decrease shall be effective once a notice has been posted by the Exchange. Applications for renewal of regularity must be made prior to May 1 of even years, for the respective years beginning July 1 of those years, and shall be on the same form.

The Exchange may establish such requirements and conditions for approval of regularity as it deems necessary.

The following shall constitute the minimum requirements and conditions for regularity of Soybean Oil Warehouses:

- 1) The warehouse making application shall be inspected.
- 2) Such warehouse shall be within the limitation of an area not east of the Indiana-Ohio boundary; nor south of Louisville, KY.
- 3) Such warehouse shall be connected by railroad tracks with one or more railway lines.
- 4) The operator or manager of such warehouse shall be in good financial standing and credit, and shall meet the minimum financial requirements and financial reporting requirements set forth in Appendix 4E. No warehouse shall be declared regular until the person operating the same files a bond with sufficient sureties in such sum and subject to such conditions as the Exchange may require.
- 5) Such warehouse shall maintain on-site standard equipment and appliances for the receiving, handling, and shipping of Crude Soybean Oil in bulk, including equipment to issue official origin weight. Official origin weight may be obtained by using one of the following: (1) platform scale (either rail or truck); (2) tank scale; or, (3) batch scale.

- 6) The warehouseman shall comply with the system of registration of warehouse receipts established by the Exchange. The warehouseman shall furnish accurate information to the Exchange regarding all Crude Soybean Oil received and delivered by the warehouseman on a daily basis, and that remaining in store at the close of each week, in the form prescribed by the Exchange, with the exception of Crude Soybean Oil owned by the warehouseman.
- 7) The operator or manager of such warehouse shall permit the Exchange, at any time, to examine the books and records of the warehouse for the purpose of ascertaining the stocks of Crude Soybean Oil which may be on hand at any time. The Exchange shall have the authority to determine the quantity of Crude Soybean Oil in said warehouse and to compare the books and records of warehouse with the records of the Exchange.
- 8) The warehouseman operating such warehouse shall not engage in unethical or inequitable practices, and shall comply with all applicable laws, Federal or State, or Rules or Regulations promulgated under those laws.
- 9) The warehouseman shall make such reports, keep such records, and permit such warehouse visitation as the Secretary of Agriculture may prescribe, and shall comply with all applicable Rules and Regulations and orders promulgated by the Secretary of Agriculture or the Commodity Futures Trading Commission, and shall comply with all requirements made by the Exchange because of such Rules and Regulations or orders.
- 10) The operator or manager of such warehouse shall be subject to the Exchange's Rules and Regulations pertaining to arbitration procedures, as set forth in Chapter 6, and, with respect to compliance with Rules and Regulations pertaining to a warehouse's regularity, shall be subject to the Exchange's Rules and Regulations pertaining to disciplinary procedures, as set forth in Chapter 5.
- 11) The operator or manager of such warehouse shall consent to the disciplinary jurisdiction of the Exchange for five years after such regularity lapses, for conduct pertaining to regularity which occurred while the warehouse was regular.
- 12) If the warehouseman leases the warehouse or has entered into some form of service arrangement pursuant to which an agent or contractor performs the daily operations of the warehouse, the warehouseman shall submit an indemnification if requested by the Exchange.
- 13) The Exchange may determine not to approve warehouses for regularity or increases in regular capacity of existing regular warehouses, in its sole discretion, regardless of whether such warehouses meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether warehouse receipts issued by such warehouses, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of Soybean Oil futures contracts or impair the efficacy of futures trading in Soybean Oil, or whether the currently approved regular capacity provides for an adequate deliverable supply.  
2030(01/01/03)

1181.02 Leasing and Service Arrangements - The warehouseman of a regular warehouse is not required to own the warehouse and may lease the facility from the owner. The warehouseman may also enter into a service arrangement pursuant to which an agent or contractor performs the daily operations of the warehouse. The warehouseman shall be responsible for the conduct of its agents or contractors.

In the event that the warehouseman is unable properly to store or load out oil for receipt holders because of another party's ownership of or control over the warehouse, the warehouseman shall, at its own expense, provide each holder of an outstanding receipt with either (a) a replacement warehouse receipt at another, mutually acceptable regular warehouse, with adjustments for differences in contract differentials or, if such replacement receipt is unavailable, (b) an equivalent quantity and quality of the soybean oil designated in the warehouse receipt at a mutually acceptable location. (09/01/94)

1184.01 Revocation, Expiration or Withdrawal of Regularity - Any regular warehouse may be declared irregular at any time if it does not comply with the conditions above set forth, or fails to carry out the prescribed duties of the warehouseman. If the designation of a warehouse as regular shall be revoked a notice of such revocation and the period of time, if any, during which the receipts issued by such house shall thereafter be deliverable in satisfaction of futures contracts in Crude Soybean Oil under the Rules and Regulations, shall be posted on the bulletin board.

In the event of revocation, expiration or withdrawal of regularity, or in the event of sale or abandonment

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of the properties where regularity is not reissued, holders of outstanding warehouse receipts shall be given thirty days to take load-out of the commodity from the facility. If a holder of an outstanding warehouse receipt chooses not to take load-out during this period, the facility must provide him with another warehouse receipt at another, mutually acceptable regular warehouse, with adjustments for differences in contract differentials. Alternatively, if such warehouse receipt is unavailable, the facility must provide the holder with an equivalent quantity and quality of the soybean oil designated in the warehouse receipt at a mutually acceptable location. 2032 (09/01/94)

1185.01 Application for Declaration of Regularity - All applications by operators of warehouses for a Declaration of Regularity under Regulation 1181.01 shall be on the following form:

WAREHOUSEMAN'S APPLICATION FOR A DECLARATION OF REGULARITY FOR THE DELIVERY OF CRUDE SOYBEAN OIL UPON CONTRACTS FOR FUTURE DELIVERY UNDER THE CHARTER, RULES AND REGULATIONS OF THE BOARD OF TRADE OF THE CITY OF CHICAGO

\_\_\_\_\_, 20\_\_\_\_\_  
BOARD OF TRADE OF THE CITY OF CHICAGO  
Chicago, Illinois  
Gentlemen:  
We, the \_\_\_\_\_ (Hereinafter called  
Warehousemen) owner or lessee of The \_\_\_\_\_  
located at \_\_\_\_\_  
in the Illinois \_\_\_\_\_ Territory,  
Eastern \_\_\_\_\_  
Eastern Iowa \_\_\_\_\_  
Southwest \_\_\_\_\_  
Northwest \_\_\_\_\_

having a storage capacity of \_\_\_\_\_ pounds of Crude Soybean Oil,  
licensed/not licensed under the Warehouse Act of the State of \_\_\_\_\_  
having a bond in the sum of \_\_\_\_\_ Dollars,  
and having/not having a soybean processing plant attached with a maximum 24 hour  
crushing capacity of \_\_\_\_\_ bushels of Soybeans per day, do hereby make  
application to the Board of the Trade of the City of Chicago (hereinafter called  
Exchange) for a declaration of regularity to handle, receive, and store Crude  
Soybean Oil for delivery upon contracts for future delivery, for a period  
beginning \_\_\_\_\_ and ending midnight June 30 \_\_\_\_.

Conditions of Regularity

Such declaration of regularity, if granted, shall be cancellable by the Exchange whenever the following conditions shall not be observed:

1. The Warehouseman must:
  - (1) give such bonds to the Exchange as it may require.
  - (2) submit to the Exchange for approval with such application for a declaration of regularity, a tariff listing in detail the maximum rates for the handling and storage of Crude Soybean Oil; submit promptly to the Exchange all changes in said tariff, publish and display such tariff.  
(The maximum charge for loading tank cars at delivery point shall not exceed 1/40th of one cent per pound on any loading during the term of this application. The maximum charge for loading trucks at delivery point shall not exceed 1/25th of one cent per pound on any loading during the term of this application.)
  - (3) remove no Crude Soybean Oil from the warehouse other than oil owned by the warehouseman save at the request of the owner or owners thereof upon surrender of the warehouse receipts.
  - (4) notify the Exchange immediately of any change in capital ownership, or any reduction in total capital of 20 percent or more from the level reported in the last financial statement filed with the Exchange, or of any change of conditions of its warehouse.
  - (5) make such reports, keep such records, and permit such warehouse visitation as the Secretary of Agriculture may prescribe; comply with all applicable Rules and Regulations and orders promulgated by the Secretary of Agriculture or the Government Agency administering the Commodity Exchange Act; and comply with all requirements of the Exchange permitted or required by such Rules and Regulations or orders.
  - (6) make application for renewal of a declaration of regularity in writing on or before May 1, 1994, and every even year thereafter.
  - (7) submit an indemnification as prescribed by the Exchange if the Warehouseman leases the warehouse or has entered into some form of service arrangement pursuant to which an agent or contractor performs the daily operations of the warehouse.
  - (8) notify the Exchange immediately of any change in the maximum 24 hour crushing capacity of soybeans for a soybean processing plant attached to its warehouse.
2. The Warehouse must be:
  - (1) subject to the prescribed examination and approval of the Exchange.
  - (2) properly safeguarded and patrolled.
  - (3) connected to a railroad.
  - (4) equipped with standard equipment and appliances for the convenient and expeditious handling of Crude Soybean Oil in bulk.
3. The Warehouse and Warehouseman must conform to the uniform requirements of the Exchange as to location, accessibility, and suitability as may be prescribed by the Rules and Regulations of the Exchange.

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Agreements of Warehouseman

The Warehouseman expressly agrees:

- (1) that all Crude Soybean Oil tendered in satisfaction of futures contracts will be weighed by an Official Weigher of the Exchange.
- (2) that all Crude Soybean Oil tendered in satisfaction of futures contracts will, when shipped from warehouse, be sampled by an Official Sampler and tested in accordance with Regulation 1140.01 of the Exchange.
- (3) that all warehouse receipts shall be registered with the Registrar of the Exchange.
- (4) to fulfill the duties set forth in Regulation 1180.01 of the Exchange.
- (5) to abide by the Rules and Regulations of the Exchange relating to the warehousing of Crude Soybean Oil deliverable in satisfaction of futures contracts and the delivery thereof in satisfaction of futures contracts.
- (6) that the Exchange may cancel said declaration of regularity, if granted, for any breach of such agreements.
- (7) that the signing of this application constitutes a representation that the conditions of regularity are complied with and will be observed during the life of the declaration of regularity and, if found to be untrue, the Exchange shall have the right to cancel said declaration of regularity immediately.
- (8) to have a representative in Chicago authorized and known to the Exchange to act in matters pertaining to warehouse receipts.
- (9) to be subject to the Association's Rules and Regulations pertaining to arbitration procedures, as set forth in Chapter 6, and with respect to compliance with Rules and Regulations pertaining to regularity, to be subject to the Association's Rules and Regulations pertaining to disciplinary procedures, as set forth in Chapter 5; and to abide by and perform any disciplinary decision imposed upon it or any arbitration award issued against it pursuant to such Rules and Regulations.
- (10) to consent to the disciplinary jurisdiction of the Exchange for five years after regularity lapses for conduct pertaining to regularity which occurred while the firm was regular.

\_\_\_\_\_  
Company

By \_\_\_\_\_  
Title

Bond in the amount of \_\_\_\_\_ duly filed \_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

2-35

(01/01/00)

1186.01 Regular Shippers - (See Appendix 11A) (09/01/94)



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Ch12 Trading Conditions

1201.00 Authority - On and after August 1,1951, trading in Soybean Meal futures may be conducted under such terms and conditions as may be prescribed by Regulation. 802 (09/01/94)

1202.01 Application of Regulations - Transactions in Soybean Meal futures shall be subject to the general Rules of the Association as far as applicable and shall also be subject to the Regulations contained in this Chapter which are exclusively applicable to trading in Soybean Meal. 2051 (09/01/94)

1204.01 Unit of Trading - The unit of trading for Soybean Meal shall be 100 tons (2,000 pounds per ton). Bids and offers may be accepted in lots of 100 tons of multiples thereof. 2056 (09/01/94)

1205.01 Months Traded In - Trading in Soybean Meal may be conducted in the current month and any subsequent months. 2057 (09/01/94)

1206.01 Price Basis - All prices of soybean meal shall be basis free on board cars, bulk; Decatur, Illinois, in multiples of 10 cents per ton. Contracts shall not be made on any other price basis. 2058 (09/01/94)

1207.01 Hours of Trading - The hours of trading for future delivery in Soybean Meal shall be from 9:30 A.M. to 1:15 P.M. except on the last day of trading in an expiring future the hours with respect to such future shall be from 9:30 A.M. to 12 o'clock noon subject to the provisions of the second paragraph of Rule 1007.00. Market shall be opened and closed with a public call made month by month, conducted by such persons as the Regulatory Compliance Committee shall direct. 2061 (09/01/94)

1208.01 Trading Limits - (See 1008.01) (09/01/94)

1208.01A Trading Limits - (See 1008.01A) (09/01/94)

1209.01 Last Day of Trading - No trades in Soybean Meal futures deliverable in the current month shall be made after the business day preceding the 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 the actual cash commodity, no later than the business day following the last trading day. 2063 (01/01/00)

1210.01 Margin Requirements - (See Regulation 431.03) 2065 (09/01/94)

1211.01 Disputes - All disputes between interested parties may be settled by arbitration as provided in the Rules and Regulations. 2066 (09/01/94)

1212.01 Position Limits and Reportable Positions - (See 425.01) (09/01/94)

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1236.01 Standards - The contract grade for delivery on futures contracts made under these Regulations shall be Soybean Meal in bulk which conforms to the following specifications:

48% Protein Soybean Meal, produced by conditioning ground soybeans and reducing the oil content of the conditioned product by the use of hexane or homologous hydrocarbon solvents. Standard specifications are:

Protein	minimum 48.0%
Fat	minimum 0.5%
Fiber	maximum 3.5%
Moisture (when shipped by Processor)	maximum 12.0%

It may contain a non-nutritive inert, non-toxic conditioning agent to reduce caking and improve flowability. In an amount not to exceed that necessary to accomplish its intended effect, but in no case exceed 0.5%. The name of the conditioning agent must be shown as an added ingredient.

Testing methods shall be those approved by the Association of Official Analytical Chemists and American Oil Chemists Society. 2053 (09/01/94)

1236.02 United States Origin Only - Effective September 1, 1992, a futures contract for the sale of soybean meal shall be performed on the basis of United States origin only upon written request by a taker of delivery at the time loading orders are submitted. (09/01/94)

1237.01 Official Chemists - An official Chemist shall be any chemist who is currently designated as an Official Referee Chemist for Meal by the National Soybean Processors Association. Certificates of quality analysis by an Official Chemist shall be binding on all parties. (09/01/94)

1238.01 Sampling - The official sample will be taken at origin by Automatic Mechanical Sampler (A.O.C.S. Official Method BA 1-38, Rev. 1966) or Pneumatic Probe Sampler (A.O.C.S. Official Method BA 1-38, Rev. 1966). Shipper shall, on the next business day after loading, mail a portion of the official sample in an air tight container properly identified to the owner at an address specified by the owner when he submits loading orders.

Any shipment testing 12.5% moisture or less based on official sample shall not be subject to rejection or penalty on account of moisture content. Penalty for excess moisture:

Excess moisture two times delivered market price on date of shipment for excess moisture from 12% to 13% and 21-2 times delivered market price on date of shipment for excess moisture above 13%.

Any shipment testing no more than 0.3% of fiber above the fiber specification (based on official sample adjusted to 12% moisture) shall not be subject to rejection or penalty on account of fiber content. When the amount of fiber exceeds 3.8% (based on official sample adjusted to 12% moisture), the shipment shall be discounted 1.0% of the delivered market price on date of shipment for each 0.1% fiber in excess of 3.5%.

Any shipment of soybean meal testing within 0.5% of protein below 48% protein (basis official sample moisture 12.0% or less; protein to be calculated on 12.0% moisture basis if official sample moisture exceeds 12.0%) shall not be subject to rejection or penalty on account of protein content. Protein deficiency claims shall be settled between the parties on the basis of two times the delivered market price per unit of protein on date of shipment and shall be calculated on the same moisture basis as for protein rejection.

If the owner's analysis of the official sample indicates quality deficiency, the owner shall submit his analysis and claim in writing to the shipper within 30 days after arrival of car. The shipper shall, within five (5) business days, after receipt of the owner's analysis and claim, report his analysis of the official sample to the owner. In the event that the owner and the shipper do not reach agreement on analysis and/or settlement, the third portion of the official sample shall be sent to an Official Chemist and his analysis will be binding upon both parties for final settlement. The expense of the analysis will be borne

by the party in error.

If the owner and the shipper cannot agree that the official sample is representative of the shipment, a representative sample shall be obtained at destination by a disinterested qualified person mutually agreed upon by the owner and shipper. Such destination sample must be obtained within 24 hours of arrival and prior to unloading. "Constructive placement" shall be considered arrival at destination. The official procedure for sampling at destination shall be the Pneumatic Probe Sampler. (A.O.C.S. Method BA 1-38, Rev. 1966) and the sample shall be submitted to an official chemist. The results of his analysis of the destination sample shall be binding on both parties for final settlement. The expense of such sampling and analysis, shall be borne by the owner if the owner insists on destination sampling and analysis unless the shipper has failed to take an official sample at origin, in which event, the expense of taking and analyzing the destination sample shall be borne by the shipper. (09/01/94)

1239.01 Weighing - Weighing and official weights, as defined in the National Soybean Processors Association Trading Rules for the Purchase and Sale of Soybean Meal, shall be binding on all interested parties. (09/01/94)

1241.01 Shipping Plants - Soybean Meal Shipping Certificates shall specify shipment from one of the plants currently regular for delivery and located in Central Territory, Northeast Territory, Mid South Territory, Missouri Territory, Eastern Iowa Territory, or Northern Territory as defined in this Regulation.

The Exchange may declare additional shipping plants regular for delivery which shall apply on all contracts outstanding or made thereafter.

#### SHIPPING PLANTS

- (a) All loadings of soybean meal against Soybean Meal Shipping Certificates shall be in bulk free on board railroad cars at shipping plants.
- (b) Payment for Shipping Certificates issued in "Central Territory" (viz.: shipping plants located in Illinois and Kentucky) will be at contract price.
- (c) Payment for Shipping Certificates issued in "Northeast Territory" (viz.: shipping plants located in Indiana and Ohio) will be at a premium of \$1.50 per ton over contract price.
- (d) Payment for Shipping Certificates issued in "Mid South Territory" (viz.: shipping plants located in all of Tennessee and Arkansas and that part of Mississippi and Alabama north of a line extending eastward from the Arkansas and Louisiana border) will be at a premium of \$6.50 per ton over contract price.
- (e) Payment for Shipping Certificates issued in "Missouri Territory" (viz.: shipping plants located in Missouri) will be at a premium of \$1.00 per ton over contract price.
- (f) Payment for Shipping Certificates issued in "Eastern Iowa Territory" (viz.: shipping plants located in Iowa on and South of the main line of the Illinois Central Gulf RR from Dubuque, Iowa to Iowa Falls, Iowa; and on and East of the main line of the Chicago Rock Island RR from Iowa Falls to the Chicago & Northwestern RR from Des Moines through Blockton, Iowa) will be made at a discount of \$4.50 per ton under contract price.
- (g) Payment for Shipping Certificates issued in "Northern Territory" (viz.: shipping plants located in that portion of Iowa not included in "Eastern Iowa Territory") will be at a discount of \$4.00 per ton under contract price.
- (h) For a given soybean crop year ending August 31 and a given Soybean Meal futures delivery territory except the "Central Territory," when the weekly (as of Friday) cumulative average ratio of outstanding Soybean Meal Shipping Certificates to CBOT maximum 24 hour soybean meal production capacity within that Soybean Meal futures delivery territory, relative to that ratio for the combined remaining Soybean Meal territories, is less than or equal to 0.5, payment for Shipping Certificates issued from that territory will be at a premium of \$.50 per ton over contract price in addition to the territorial delivery differential adjustment.
- (i) For a given soybean crop year ending August 31, when the "Central Territory's" weekly (as of Friday) cumulative average ratio of outstanding Soybean Meal Shipping Certificates to maximum

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CBOT 24 hour soybean meal production capacity within the Central Soybean Meal futures delivery territory, relative to that ratio for the combined remaining Soybean Meal territories, is less than or equal to 0.5, payment for Shipping Certificates issued from all other territories will be at a discount of \$.50 per ton under contract price in addition to the territorial delivery differential adjustments.

- (j) For a given soybean crop year ending August 31 and a given Soybean Meal futures delivery territory except the "Central Territory," when the weekly (as of Friday) cumulative average ratio of outstanding Soybean Meal Shipping Certificates to CBOT maximum 24 hour soybean meal production capacity within that Soybean Meal futures delivery territory, relative to that ratio for the combined remaining Soybean Meal territories, is greater than or equal to 2.0, payment for Shipping Certificates issued from that territory will be at a discount of \$.50 per ton under contract price in addition to the territorial delivery differential adjustment.
- (k) For a given soybean crop year ending August 31, when the "Central Territory's" weekly (as of Friday) cumulative average ratio of outstanding Soybean Meal Shipping Certificates to CBOT maximum 24 hour soybean meal production capacity within the Central Soybean Meal futures delivery territory, relative to that ratio for the combined remaining Soybean Meal territories, is greater than or equal to 2.0, payment for Shipping Certificates issued from all other territories will be at a premium of \$.50 per ton over contract price in addition to the territorial delivery differential adjustments.
- (l) Items (h) through (k) of Regulation 1241.01 shall apply to all CBOT Soybean Meal futures contracts delivered during a one calendar year period beginning with January following the soybean crop year ending August 31, provided that there are on a weekly average at least 150 CBOT outstanding Soybean Meal Shipping Certificates in all Soybean Meal delivery territories combined during that previous soybean crop year.
- (m) Based on the adjustments made to territorial delivery differentials during a given calendar year as outlined in items (h) through (I) of Regulation 1241.01, the CBOT shall announce and publish by September 15 of that given calendar year new territorial delivery differentials applicable to all Soybean Meal futures contracts delivered during the next calendar year. (01/01/00)

1242.01 Deliveries by Soybean Meal Shipping Certificates - Deliveries of Soybean Meal shall be made by delivery of Soybean Meal Shipping Certificates issued by Shippers designated by the Exchange as regular to issue Soybean Meal Shipping Certificates for Soybean Meal. In order to effect a valid delivery each Soybean Meal Shipping Certificate must be endorsed by the holder making the delivery. Such endorsement shall constitute a warranty of the genuineness of the Certificate and of good title thereto, but shall not constitute a guaranty, by any endorser, of performance by the issuer of the Certificate. 2067 (09/01/94)

1243.01 Registration of Soybean Meal Shipping Certificates - Soybean Meal Shipping Certificates in order to be eligible for delivery must be registered with the Official Registrar and in accordance with the requirements issued by the Registrar. Registration of Soybean Meal Shipping Certificates shall also be subject to the following requirements:

- (a) Shippers who are regular for delivery may register certificates at any time. If the shipper determines not to tender the shipping certificate by 4:00 p.m. on the day it is registered, the shipper shall declare the certificate is withdrawn but is to remain registered by transmitting to the Registrar the certificate number and the name and location of the shipping plant. The holder of a registered certificate may cancel its registration at any time. A certificate which has been cancelled may not be registered again.
- (b) No notice of intention to deliver a certificate shall be tendered to the Clearing House unless said certificate is registered and in the possession of the Clearing House member tendering the notice or unless a shipping certificate is registered and outstanding. When a notice of intention to deliver a certificate has been tendered to the Clearing House, said certificate shall be considered to be "outstanding" until its registration is cancelled.
- (c) From his own records, the Registrar shall maintain a current record of the number of certificates that are registered and shall be responsible for posting this record on the Exchange Floor and the CBOT website. The record shall not include any shipping certificates that have been declared withdrawn.
- (d) When a registered shipper regains control of a registered certificate calling for shipment from one of his plants, which in any manner relieves him of the obligation of ship meal upon demand of a party other than himself, the shipper shall, by 4:00 p.m. of that business day, either cancel the registration of said certificate or declare that said certificate is withdrawn but is to remain registered by transmitting to the Registrar the certificate number and the name and location of the shipping plant, except in the case where a notice of intention to redeliver said certificate for the shipper has been tendered to the Clearing House by 4:00 p.m. of the day that the shipper regained control of said certificate.

(e) The Registrar shall not divulge any information concerning the registration, delivery or cancellation of certificates other than the record posted on the Exchange Floor and the CBOT website, except that he shall issue a weekly report showing the total number of registered certificates as of 4:00 p.m. on the last trading day of each week. In addition to the information posted on the Exchange Floor and the CBOT website, this weekly report will show the names of shippers whose certificates are registered and the location of the shipping plants involved. This report shall not include any shipping certificates which have been declared withdrawn. 2069 (11/01/02)

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1244.01 Certificate Format - The following form of Soybean Meal Shipping Certificate shall be used with proper designation, indicating Central Territory, Northeast Territory, Mid South Territory, Missouri Territory, Eastern Iowa Territory or Northern Territory.

BOARD OF TRADE OF THE CITY OF CHICAGO  
SOYBEAN MEAL SHIPPING CERTIFICATE FOR DELIVERY  
IN SATISFACTION OF CONTRACT FOR 100 TONS  
(2,000 POUNDS EACH) OF SOYBEAN MEAL

This certificate not valid unless registered by the Registrar of the Board of Trade of the City of Chicago.

\_\_\_\_\_  
48% Protein Soybean Meal

Shipping Plant of \_\_\_\_\_

Located at \_\_\_\_\_

Registered total daily rate of loading of \_\_\_\_\_ tons.

Total rate of loading per day shall be in accordance with Regulation 1290.01 (c) and (d). A premium charge of 7 cents per ton per calendar day for each day is to be assessed starting the day after registration by the Registrar of this Certificate. When loading orders specify rail shipment within four days, the premium charge shall continue through the business day following receipt of loading orders; otherwise, the premium charge shall continue through the day of loading. In the case of shipment by truck, the premium charge shall continue through the day of loading.

For value received and receipt of this document properly endorsed and lien for payment of premium charges the undersigned shipper, regular for delivery under the Rules and Regulations of the Board of Trade of the City of Chicago, hereby agrees to deliver 100 tons (2,000 pounds each) of Soybean Meal in bulk conforming to the standards of the Board of Trade of the City of Chicago and ship said Soybean Meal in accordance with orders of the lawful owner of this document and in accordance with Rules and Regulations of the Board of Trade of the City of Chicago. Delivery shall be by covered hopper car or truck according to the registered loading capability of the

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shipper.

Signed at \_\_\_\_\_ this \_\_\_\_\_  
day of \_\_\_\_\_, 20 \_\_\_\_\_

\_\_\_ Central Territory  
\_\_\_ Northeast Territory  
\_\_\_ Mid South Territory  
\_\_\_ Missouri Territory  
\_\_\_ Eastern Iowa Territory  
\_\_\_ Northern Territory \_\_\_\_\_

By \_\_\_\_\_  
Authorized Signature of Issuer

Registration date \_\_\_\_\_

Registrar's Number \_\_\_\_\_

Registrar for Soybean Meal  
Board of Trade of the City of Chicago

Registration cancelled for purpose of shipment of Soybean Meal by owner of certificate or by issuer of certificate for purpose of withdrawal of certificate.

Cancellation Date \_\_\_\_\_

Registrar

All premium charges have been paid on Soybean Meal covered by this certificate from date of registration, not counting date of registration but counting date of payment.

Date \_\_\_\_\_ by \_\_\_\_\_

Date \_\_\_\_\_ by \_\_\_\_\_

Date \_\_\_\_\_ by \_\_\_\_\_

Date \_\_\_\_\_ by \_\_\_\_\_

Delivery of this Soybean Meal Shipping Certificate to issuer is conditioned upon loading of Soybean Meal in accordance with Rules and Regulations of the Board of Trade of the City of Chicago and a lien is claimed until all loadings are complete and proper shipping documents presented accompanying demand draft for freight and premium charges due which I (we) agree to honor upon presentation.

\_\_\_\_\_  
Owner of this Soybean Meal Shipping  
Certificate or his duly authorized agent

Date \_\_\_\_\_, 20 \_\_\_\_\_ 2080

(01/01/00)

1245.01 Lost or Destroyed Negotiable Warehouse Receipts - (See Regulation 1045.01) (04/01/00)

1246.01 Date of Delivery - Delivery of Soybean Meal Shipping Certificates may be made by the Seller upon any permissible delivery day of the delivery month but no later than the second business day following the last day of trading in a delivery month. 2072 (09/01/94)

1247.00 Delivery Notice - (See 1047.00) (09/01/94)

1247.01 Delivery Notices - (See 1047.01) (09/01/94)

1248.00 Method of Delivery - (See 1048.00) (09/01/94)

1249.00 Time of Delivery, Payment, Form of Delivery Notice - (See 1049.00) (09/01/94)

1249.01 Billing - (See 1241.01) (09/01/94)

1249.02 Buyers' Report of Eligibility to Receive Delivery - (See 1049.02) (09/01/94)

1249.03 Sellers' Invoice to Buyers - (See 1049.03) (09/01/94)

1249.04 Payment - Payment is to be made by a check drawn on and certified by a Chicago bank or by a Cashier's check issued by a Chicago Bank. 2073 (09/01/94)



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1250.00 Duties of Members - (See 1050.00) (09/01/94)

1251.01 Office Deliveries Prohibited - No office deliveries of soybean meal shipping certificates may be made by Members of the Clearing Corporation. Where a commission house as a Member of the Clearing Corporation has an interest in both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it receives from its customers who are short. 2064 (09/01/94)

1254.00 Failure to Accept Delivery - (See 1054.00) (09/01/94)

1256.01 Premium Charges - No Soybean Meal Shipping Certificates shall be valid for delivery on future contracts unless the premium charges shall have been paid up to and including the 18th day of the preceding month and such payment endorsed on the Soybean Meal Shipping Certificate unless registration is at a later date. Unpaid accumulated premium charges shall be allowed and credited to the Buyer by the Seller to and including the date of delivery.

If premium charges are not paid on-time up to and including the 18th/ calendar day preceding the delivery months of March and September and by the first calendar day of each of these delivery months, a late charge will apply. The late charge will be an amount equal to the total unpaid accumulated premium charges multiplied by the "prime interest rate" in effect on the day that the accrued storage rates are paid, all multiplied by the number of calendar days that premium is overdue, divided by 360 days. The term "prime interest rate" shall mean the lowest of the rates announced by each of the following four banks at Chicago, Illinois, as its "prime rate": Bank of America-Illinois, Bank One, Harris Trust & Savings Bank, and the Northern Trust Company.

The premium charges on Soyabean Meal for delivery shall not exceed 7 cents per ton per day. 2068 (06/01/01)

1256.03 Payment of Fees - All outloading fees, including weighing, to load Soybean Meal into railroad car, are to be paid by issuer of Soybean Meal Shipping Certificate. 2075 (09/01/94)

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1290.01 Loading and Shipment of Meal Against Soybean Meal Shipping  
Certificates -

- (a) The operator of a shipping plant issuing Soybean Meal Shipping Certificates shall limit the number of Shipping Certificates issued to an amount not in excess of 15 times its registered total daily rate of loading plus the amount of meal or flakes in store (not limited to meal meeting minimum contract standards). All such meal or flakes in store must be stored in facilities for which the capacity has been registered with the Board of Trade and which have been inspected by the Registrar. The shipper shall register his total daily rate of loading covered hopper cars at not less than 40% nor more than 100% of his maximum 24 hour soybean meal production capacity. Each plant must be regular for a minimum total daily rate of loading of 200 tons per day.
- (b) Each regular plant must also register a daily rate of loading for truck. The daily rate of loading for truck must be registered at not less than 40% of the registered total daily rate of loading for the plant.
- (c) Each regular plant shall be required to load-out soybean meal against cancelled Shipping Certificates at a daily rate equivalent to the greater of either its registered total daily rate of loading, or 1/21st of the total amount of soybean meal represented by Shipping Certificates issued by the plant but not yet loaded.
- (d) Each regular plant shall be required to load covered hopper cars against Shipping Certificates at a rate not greater than that established in paragraph (c), and trucks at a rate not greater than that determined by multiplying the rate established in paragraph (c) by the share of the registered total daily rate of loading registered by the plant as its daily rate of loading for truck. However, on days when rail and truck loading against Shipping Certificates takes place concurrently, the required daily rate of loading into each conveyance shall be determined by prorating the rate established in paragraph (c).
- (e) The shipper shall assess a premium charge of 7 cents per ton per calendar day for each day a Soybean Meal Shipping Certificate is outstanding starting the day after the date of registration by the Registrar. When rail loading orders specify shipment within four business days the premium charge shall continue through the business day following the receipt of loading orders. Otherwise, the premium charge shall continue through the day of rail loading. "Business days" are those on which the Exchange is open for trading Soybean Meal. In the case of shipment by truck, the premium charge shall continue through the day of loading.
- (f) The shipper shall maintain, in the immediate vicinity of the Exchange, either an office, or a duly authorized representative or agent approved by the Exchange, where owners of Shipping Certificates may pay premium charges, surrender properly endorsed Shipping Certificates for cancellation and file loading orders and shipping instructions.
- (g) Rail Loading Procedures
  - (1) The owner requesting rail load-out will furnish written rail loading orders and shipping instructions to the shipper by the close of business on the first business day following the date of cancellation of the Shipping Certificates in the Registrar's office. The loading orders shall specify if rail equipment will be the owner's (including leased cars) or shall specify the owner's election as to the type and size of covered hopper car to be ordered by the shipper. The shipper will load covered hopper cars with a capacity of 75 tons or larger. Loadings will be in bulk, and shipments will be subject to the existing freight tariff Rules and Regulations of the railroads on file with the Interstate Commerce Commission at the time of loading. The shipper is responsible for loading suitable railroad owned or leased cars or owner's cars (including leased cars) which are available for loading at the facility. Owner and shipper will cooperate to ensure timely placement and loading of rail equipment or alternate shipping modes.
  - (2) All loading orders and shipping instructions received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Orders received after 2:00 p.m. on a business day shall be considered dated the following business day. Loading against all rail loading orders dated on a given business day shall be

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completed before loading begins on any rail loading orders dated on a subsequent business day subject to the provisions of subparagraph 4 of this paragraph.

- (3) When rail loading orders and shipping instructions are received by 2:00 p.m. of any given business day, the shipper will advise the owner by 10:00 a.m. the following business day of loading dates and tonnage due. Notification will be by telephone, telex or telefax.
- (4) When a shipper has received one or more rail loading orders and shipping instructions, he shall begin loading against them within 4 business days following their receipt, unless the owner requests a deferred loading date in his loading orders. When loadings against rail loading orders cannot be completed on the fourth following business day of their receipt, the shipper shall continue loading against such loading orders on each calendar day thereafter. Shipping instructions are to be provided to the Shipper by the owner 2 business days before loading is to begin. The shipper shall load at the rate specified in paragraph (d) of this Regulation.
- (5) When loading against rail loading orders and shipping instructions received by a shipper prior to 2:00 p.m. on a given business day cannot be completed by the fourth following business day, the shipper shall allocate daily loadings against such loading orders as equitably as possible on a pro-rata basis. Starting of loading against small orders may be delayed until the first day when pro-ration entitles such an order to an allocation of a full car, but in such a case loading of the last car against the order shall be accelerated by the same number of days as loading of the first car was delayed.
- (6) The shipper shall load cars at the shipping plant designated in the Shipping Certificate. If it becomes impossible to load at the designated shipping plant because of an Act of God, fire, flood, wind, explosion, war, embargo, civil commotion, sabotage, law, act of government, labor difficulties or unavoidable mechanical breakdown, the shipper will arrange for covered hopper cars to be loaded at another regular shipping plant in conformance with the Shipping Certificate and will compensate the owner for any transportation loss resulting from the change in the location of the shipping plant. If the aforementioned condition of impossibility prevails at a majority of regular shipping plants, then shipment may be delayed for the number of days that such impossibility prevails at a majority of regular shipping plants.
- (7) Rail loading orders involving one or more Shipping Certificates shall be considered as one lot. The minimum amount shipped against each loading order shall be the number of Shipping Certificates specified therein times 100 tons. A tolerance of 5 tons over the total may be shipped to be settled at the market price at the time of shipment of the last car of the order.
- (8) Rail cars must be loaded to "full visible capacity" unless tonnage on cancelled shipping certificates does not cover rail car capacity.
- (9) The owner will be responsible for whatever demurrage costs that are involved in loading multiple car or trainload shipments. All demurrage charges must be substantiated with a citation of car numbers loaded against cancelled Shipping Certificates either by proper notations on the shipper's average demurrage agreement with the carrier or actual demurrage bills rendered against cars shipped. 2078

(h) Truck Loading Procedures

- (1) The owner requesting truck load-out shall furnish written loading orders and shipping instructions to the shipper by the close of business on the first business day following the date of cancellation of Shipping Certificates in the Registrar's Office. The owner shall supply the trucks. Open-top trucks with a minimum capacity of 20 tons must be provided. No vans or trucks with porthole loading shall be acceptable. Owner and shipper shall cooperate to ensure timely placement and loading of truck equipment.
- (2) All truck loading orders and shipping instructions received prior to 2:00 p.m. on any given business day shall be considered dated that day and shall be entitled to equal treatment. Orders received after 2:00 p.m. on a business day shall be considered dated the following business day.

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- (3) When truck loading orders and shipping instructions are received by 2:00 p.m. on any given business day, the shipper will advise the owner of loading dates and tonnage due by 10:00 a.m. the next business day. Notification will be by telephone, telex or telefax.
  - (4) The shipper shall begin loading against truck loading orders and shipping instructions on the fourth business day after their receipt. The shipper shall load at the rate specified in paragraph (d) of this Regulation.
  - (5) Truck loading shall occur during normal truck loading hours, as declared in the plant's application for regularity, and on normal business days. "Normal business days" shall be those on which the Exchange is open for trading Soybean Meal futures.
  - (6) A premium of \$3.50/ton shall be applied to all shipments of meal loaded out by truck and shall be payable when shipping orders are filed.
  - (7) The owner shall present his trucks for loading at the shipping plant designated in the Shipping Certificate by 12:00 noon on the scheduled loading day. If trucks arrive by 12:00 noon, the shipper shall load the same day or be subject to the penalties and procedures specified in subparagraphs (10) and (11) of this paragraph (Truck Loading Procedures). If trucks arrive after 12:00 noon, the shipper shall be under no obligation to load and the owner shall be subject to the penalties and procedures specified in subparagraphs (8) and (9) of this paragraph.
  - (8) If the owner fails to present his trucks on time on the scheduled loading day, he shall be subject to a grace period until 12:00 noon the next business day and shall not be liable for a penalty up to that time. If the owner fails to present his trucks by 12:00 noon of the business day following the scheduled loading day, he shall be liable for a penalty of \$4/ton/day for all meal not loaded out as scheduled.
  - (9) If, for any reason, the owner is unable to present his trucks for three consecutive normal business days, beginning with the originally scheduled loading day, the shipper may at his election:

- i) Load the meal into rail cars for the owner and inform him of rail car numbers, or
- ii) Reissue a Shipping Certificate to the owner. If a Shipping Certificate is reissued, the premium charge specified in paragraph (e) of this Regulation shall be assessed retroactively, beginning the day after the business day following the receipt of loading orders.

In these cases the owner is liable for the penalty specified in subparagraph (8) of this paragraph, if any, for two business days. The truck loading premium specified in subparagraph (6) of this paragraph shall be credited against any penalties due or refunded in full if there are no penalties due. If shipper elects either of these options he must promptly notify the owner.

- (10) If the shipper fails to load the owner's trucks by 12:00 midnight on the scheduled loading day he shall be subject to a grace period until the next business day and shall not be subject to a penalty up to that time. If the shipper fails to load the owner's truck by 12:00 midnight of the business day following the scheduled loading day, he shall be liable for a penalty of \$4/ton/day for all meal not loaded out as scheduled.
- (11) If, for any reason, the shipper is unable to load the owner's trucks for three consecutive normal business days, beginning with the originally scheduled loading day, the shipper shall, with the owner's consent, make the meal available for truck load-out on the third day at another regular plant, in conformance with the Shipping Certificate, and will compensate the owner for any transportation loss resulting from the change in the location of the shipping plant.
- (12) A tolerance of five tons over the total truck shipment may be loaded and settled at the market price at the time the last truck is loaded.

- (i) Change of Election for Mode of Load-Out Due to Unavailability of Rail Cars

The owner may elect to amend rail loading orders to load-out by truck in the event of rail car unavailability. Rail loading orders amended in this manner shall be entitled to equal treatment. A premium of \$3.50/ton shall be applied to all shipments of meal loaded-out by truck and shall be payable on the day loading orders were amended to specify the owner's election for load-out by truck.

- (j) Certification of Soybean Meal - Effective September 1, 1992 and upon written request by a taker of delivery at the time loading orders are submitted for the delivery of soybean meal against canceled shipping certificates, the shipper shall certify in writing to the taker of delivery on the day that the transportation conveyance is loaded that the soybean meal is produced from soybeans of U.S. origin only. Shipping certificates issued prior to September 1, 1992 will be deliverable against futures contracts beginning September 1992 only if the regular shipper provides certification on the shipping certificate that the U.S. origin-only option is available to the taker of delivery of soybean meal. (05/01/95)

1291.01 Conditions of Regularity - Shipping Plants may be declared regular for the delivery of soybean meal with the approval of the Exchange. Persons operating Soybean Meal shipping plants who desire to have such plants made regular for delivery of Soybean Meal under the Rules and Regulations shall make application for an initial Declaration of Regularity on a form prescribed by the Exchange prior to May 1 of an even year, for a two year term beginning the following July 1, and at any time during a current term for the balance of that term. Regular Soybean Meal shipping plants that desire to increase their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form. Initial regularity for the current term and increases in regularity shall be effective either thirty days after a notice that a bona fide application has been received is posted by the Exchange, or the day after the application is approved by the Exchange, whichever is later. Persons operating soybean meal shipping plants who desire to have their daily rate of loading decreased, shall file with the Exchange a written request for such decrease. The decrease in the daily rate of loading for the facility will become effective 30 days after a notice has been posted by the Exchange or the day after the number of outstanding certificates at the facility is equal to or less than 15 times the requested rate of loading plus the amount of meal or flakes in store, whichever is later. Persons operating soybean meal shipping plants who wish to have their regular capacity space decreased shall file with Exchange a written request for such decrease and such decrease shall be effective once a notice has been posted. Applications for renewal of regularity must be made prior to May 1 by the Exchange of even years, for the respective years beginning July 1 of those years, and shall be on the same form.

The Exchange may establish such requirements and conditions for approval of regularity as it deems necessary.

The following shall constitute the minimum requirements and conditions of regularity for soybean meal shipping plants:

1. The plant of the shipper making application shall be inspected by the Exchange.
2. Such shipping plant shall be connected by railroad tracks with one or more railway lines.
3. The operator or manager of such shipping plant shall be in good financial standing and credit, and shall meet the minimum financial requirements and financial reporting requirements set forth in Appendix 4E. No shipping plant shall be declared regular until the person operating the same files a bond with sufficient sureties in such sum and subject to such conditions as the Exchange may require.
4. Such shipping plant shall be provided with standard equipment and appliances for the convenient and expeditious shipping of Soybean Meal in bulk in the conveyances for which the plant is registered with the Exchange according to Regulation 1290.01 (a) and (b).
5. The operator or manager of such shipping plant shall comply with the system of registration of Soybean Meal Shipping Certificates for Soybean Meal to be shipped in satisfaction of deliveries on futures contracts.
6. No shipper shall engage in any unethical or inequitable practice or fail to comply with any law, Federal or State, or any rule or regulation promulgated thereunder.
7. The shipper shall make such reports, keep such records, and permit such processing plant visitations as the Secretary of Agriculture may prescribe, and shall comply with all applicable Rules and Regulations and orders promulgated by the Secretary of Agriculture or the Commodity Futures Trading Commission, and shall comply with all requirements made by the Exchange because of such Rules and Regulations or orders.
8. The plant must not have been continuously out of operation for the two consecutive years prior to application for regularity or renewal thereof.

9. The operator or manager of such shipping plant shall accord every facility to the Exchange for the examination of the facility and the stocks of soybean meal which may be on hand at any time. Such examination may be made at any time.

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10. Soybean Meal inventory which is covered by shipping certificates tendered for delivery shall be insured against the contingencies provided for in a standard "All Risks" policy (including earthquake) to such an extent and in such amounts as required by the Exchange. The shipper shall furnish the Exchange with either a copy of the current insurance policy or policies, or a written confirmation from the insurance company that such insurance has been effected.
11. The operator or manager of such shipping plant shall be subject to the Exchange's Rules and Regulations pertaining to arbitration procedures, as set forth in Chapter 6, and, with respect to compliance with Rules and Regulations pertaining to a shipping plant's regularity, shall be subject to the Exchange's Rules and Regulations pertaining to disciplinary procedures, as set forth in Chapter 5.
12. The operator or manager of such shipping plant shall consent to the disciplinary jurisdiction of the Exchange for five years after such regularity lapses, for conduct pertaining to regularity which occurred while the shipping plant was regular.
13. The Exchange may determine not to approve shipping plants for regularity or increases in regular capacity of existing regular shipping plants, in its sole discretion, regardless of whether such shipping plants meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether shipping certificates issued by such shipping plants, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of Soybean Meal futures contracts or impair the efficacy of futures trading in Soybean Meal, or whether the currently approved regular capacity provides for an adequate deliverable suppl. 2077 (01/01/03)

1294.01 Revocation, Expiration or Withdrawal of Regularity - Any regular shipper may be declared irregular at any time if he fails to carry out the duties of delivery by Soybean Meal Shipping Certificate as prescribed by these Regulations or violate any conditions of regularity. If designation of a shipper as regular shall be revoked, the Exchange shall announce such revocation on the bulletin board of the Exchange and also the period of time, if any, during which the Soybean Meal Shipping Certificates issued by such shipper shall thereafter be deliverable in satisfaction of futures contracts in Soybean Meal under the Rules and Regulations.

In the event of revocation, expiration or withdrawal of regularity, or in the event of sale or abandonment of the properties where regularity is not reissued, holders of outstanding shipping certificates shall be given thirty days to take load-out of the commodity from the facility. If a holder of an outstanding shipping certificate chooses not to take load-out during this period, the facility must provide him with another shipping certificate at another, mutually acceptable regular shipping plant, with adjustments for differences in contract differentials. Alternatively, if such shipping certificate is unavailable, the facility must provide the holder with an equivalent quantity and quality of the soybean meal designated in the shipping certificate at a mutually acceptable location. 2079 (09/01/94)

1295.01 Application for Declaration of Regularity - All applications by operators of shipping plants for a Declaration of Regularity under Regulation 1291.01 shall be on the following form:

SHIPPER'S APPLICATION FOR A DECLARATION OF REGULARITY  
FOR THE DELIVERY OF SOYBEAN MEAL UPON CONTRACTS FOR  
FUTURE DELIVERY UNDER THE CHARTER RULES AND REGULATIONS OF  
THE BOARD OF TRADE OF THE CITY OF CHICAGO

\_\_\_\_\_, 20\_\_\_\_\_

BOARD OF TRADE OF THE CITY OF CHICAGO  
Chicago, Illinois

Gentlemen:

We, the \_\_\_\_\_ (hereinafter called Shipper), owner or lessee of the \_\_\_\_\_ located at \_\_\_\_\_ having a maximum 24 hour crushing capacity of \_\_\_\_\_ bushels of soybeans per day multiplied by the factor 0.022 for a maximum 24 hour production capacity of \_\_\_\_\_ tons of Soybean Meal per day, having storage capacity for \_\_\_\_\_ tons of Soybean Meal, and applying \_\_\_\_\_ tons as a registered total daily rate of loading (not less than 40% nor more than 100% of his maximum 24 hour production capacity of soybean meal and a minimum of 200 tons of regularity per day), ( \_\_\_\_\_ % of which shall be the registered daily rate of loading for truck. \*Minimum 40%), as the basis of calculation for the purpose of Regulations 1290.01 (a) 1290.01 (c) and 1290.01 (d), do hereby make application to the Board of Trade of the City of Chicago (herein after called Exchange), for a Declaration of Regularity to issue Soybean Meal Shipping Certificates for the Delivery of Soybean Meal upon contracts for future delivery for a period beginning July 1, \_\_\_\_\_ and ending Midnight, June 30, \_\_\_\_\_.  
Central Territory \_\_\_ Mid South Territory \_\_\_ Eastern Iowa Territory \_\_\_ Northeast Territory \_\_\_ Missouri Territory \_\_\_ Northern Territory \_\_\_

\* As applicable, normal truck loading hours are \_\_\_\_\_ a.m.  
to \_\_\_\_\_ p.m., Central Daylight Saving Time.

Conditions of Regularity

Such declaration of regularity, if granted, shall be cancellable  
by the Exchange whenever the following conditions shall not be  
observed:

1. The Shipper must:



- (1) give such bonds to the Exchange as it may require.
- (2) notify the Exchange immediately of any change in its capital ownership, of any reduction in total capital of 20 percent or more from the level reported in the last financial statement filed with the Exchange, or of any change in the condition of its shipping facilities.
- (3) make such reports, keep such records, and permit such shipping plant visitation as the Secretary of Agriculture may prescribe; comply with all applicable Rules and Regulations and orders promulgated by the Secretary of Agriculture or the Government agency administering the Commodity Exchange Act; and comply with all requirements of the Exchange permitted or required by such Rules and Regulations or orders.
- (4) make application for renewal of the declaration of regularity in writing on or before May 1, 1994, and every even year thereafter.
- (5) notify the Exchange immediately of any change in the maximum 24 hour crushing capacity of soybeans at the soybean meal shipping plant.

2. The Shipping Plant must be:

- (1) subject to the prescribed examination and approval of the Exchange.
- (2) connected by railroad tracks to one or more railway lines.
- (3) equipped with standard equipment and appliances for the convenient and expeditious shipping of Soybean Meal in bulk.

3. The Shipping Plant and the Shipper must conform to the requirements of the Exchange as to location, accessibility and suitability as may be prescribed in the Rules and Regulations of the Exchange.

Agreements of the Shipper

The Shipper expressly agrees:

- (1) that all Soybean Meal tendered in satisfaction of futures contracts shall be weighed by an Official Weigher of the Exchange.
- (2) that all Soybean Meal Shipping Certificates will be registered with the Registrar of the Exchange.
- (3) to fulfill the duties of a shipper issuing Soybean Meal Shipping Certificates as set forth in the Regulations in the Chapter of the Rules and Regulations of the Board of Trade of the City of Chicago pertaining to Soybean Meal.
- (4) to abide by the Rules and Regulations of the Exchange applicable to the issuance of Soybean Meal Shipping Certificates, shipping, application of billing, standards, and inspection of Soybean Meal.
- (5) that the Exchange may cancel said declaration of regularity, if granted, for any breach of said agreements.
- (6) that the signing of this application constitutes a representation that the conditions of regularity are complied with and will be observed during the life of the declaration of regularity and, if found to be untrue, the Exchange shall have the right to cancel said declaration of regularity immediately.
- (7) to be subject to the Association's Rules and Regulations pertaining to arbitration procedures, as set forth in Chapter 6, and with respect to compliance with Rules and Regulations pertaining to regularity, to be subject to the Association's Rules and Regulations pertaining to disciplinary procedures, as set forth in Chapter 5; and to abide by and perform any disciplinary decision imposed upon it or any arbitration award issued against it pursuant to such Rules and Regulations.
- (8) to consent to the disciplinary jurisdiction of the Exchange for five years after regularity lapses for conduct pertaining to regularity which occurred while the firm was regular.

\_\_\_\_\_  
Company

By \_\_\_\_\_  
Title

Bond in the amount of \_\_\_\_\_ duly filed \_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date



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1296.01 Regular Shippers - (See Appendix 12A) (09/01/94)

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Chapter 13  
Oats Futures Options  
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Chapter 13  
Oats Futures Options  
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Ch13 Trading Conditions

1301.00 Authority - (See Rule 2801.00.) (09/01/94)

1301.01 Application of Regulations - Transactions in put and call options on Oats futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this Chapter which are exclusively applicable to trading in put and call options on Oats futures contracts. (See Rule 490.00) (09/01/94)

1302.01 Nature of Oats Futures Put Options - The buyer of one (1) Oats futures put option may exercise his option at any time prior to expiration (subject to Regulation 1307.01), to assume a short position in one (1) Oats futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Oats futures put option incurs the obligation of assuming a long position in one (1) Oats futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (09/01/94)

1302.02 Nature of Oats Futures Call Options - The buyer of one (1) Oats futures call option may exercise his option at any time prior to expiration (subject to Regulation 1307.01), to assume a long position in one (1) Oats futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Oats futures call option incurs the obligation of assuming a short position in one (1) Oats futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (09/01/94)

1303.01 Trading Unit - One (1) Oats futures contract of a specified contract month on the Chicago Board of Trade 09/01/94)

1304.01 Striking Prices - Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of five (5) cents per Oat futures contract (i.e., 2.50, 2.55, 2.60, etc.) in integral multiples of ten (10) cents per bushel per Oat futures contract (i.e., 2.50, 2.60, 2.70, etc.) and in integral multiples of twenty (20) cents per bushel per Oat futures contract (i.e., 2.80, 3.00, 3.20, etc.) as follows:

1. a. In integral multiples of ten cents, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Oat futures contract, the next five consecutive higher and the next five consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
- b. In integral multiples of twenty cents, at the commencement of trading for an option contract, the following strikes shall be listed: the next four consecutive strikes above the initial band.
- c. In integral multiples of ten cents, over time, strikes shall be added as necessary to insure that all strikes within 55 cents of the previous day's trading range of the underlying futures contract are listed (the "minimum band").
- d. In integral multiples of twenty cents, over time, strikes shall be added as necessary to insure that the next four consecutive strikes above the minimum band are listed.
- e. No new strikes may be added by these procedures in the month in which an option expires.
2. a. In integral multiples of five cents, at the commencement of trading for options that are traded in months in which Oat futures are not traded, and for standard option months, the business day they become the second deferred month, the following strike prices shall be listed: one with a strike closest to the previous day's settlement price of the underlying Oat futures contract and the next five consecutive higher and the next five consecutive lower strikes. For example, five-cent strike price intervals for the September 2001 contract would be added on June 25, which is the business day after the expiration of the July contract month.
- b. Over time, new five-cent strike prices will be added to ensure that at least five strike prices exist above and below the previous day's trading range in the underlying futures.
3. a. In integral multiples of twenty cents, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading. However, no new strikes may be added by this procedure to an option month unless open positions exist in that contract month.
- b. In integral multiples of ten cents, during the month in which an option expires, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put

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and call options are 0.10 or greater for two consecutive business days will be listed for trading.

4. All strikes will be listed prior to the opening of trading on the following business day. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. (05/01/01)

1305.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (09/01/94)

1306.01 Option Premium Basis - The premium for Oats futures options shall be in multiples of one-eighth (1-8) of one cent per bushel of a 5,000 bushel Oats futures contract which shall equal \$6.25 per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$6.00 in \$1.00 increments per option contract. (09/01/94)

1307.01 Exercise of Option - The buyer of an Oats futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

1307.02 Automatic Exercise - Notwithstanding the provisions of Regulation 1307.01 after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

1308.01 Expiration of Option - Unexercised Oats futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (09/01/94)

1309.01 Months Traded In - Trading may be conducted in the nearby Oats futures options contract month plus any succeeding months, provided however, that the Board or a Committee authorized by the Board may determine not to list a contract month. For options that are traded in months in which Oats futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract. (09/01/00)

1310.01 Trading Hours - The hours of trading of options on Oats futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Oats futures contract, subject to the provisions of the second paragraph in Rule 1007.00. On the last day of trading in an expiring option, the expiring Oats futures options shall be closed with a public call, made strike price by strike price, conducted by such persons as the Regulatory Compliance Committee shall direct. Oats futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Committee shall direct. (03/01/00)

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1311.01 Position Limits and Reportable Positions - (See Regulation 425.01) (10/01/00)

1312.01 Margin Requirements - (See Regulation 431.05) (09/01/94)

1313.01 Last Day of Trading - No trades in Oats futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Oats futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday.  
(07/01/01)

1314.01 Option Premium Fluctuation Limits - Trading is prohibited during any day except for the last day of trading in an Oats futures option at a premium of more than the trading limit for the Oats futures contract above and below the previous day's settlement premium for that option as determined by the Clearing Corporation. On the first day of trading, limits shall be set from the lowest premium of the opening range. (09/01/94)

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m1401.00 Authority - Trading of mini-sized New York Silver futures  
as may be prescribed by Regulation. (10/01/01)

m1402.01 Application of Regulations - Futures transactions in mini-sized New  
York shall also be subject to the regulations contained in this chapter, which  
are exclusively applicable to trading in mini-sized New York Silver futures  
contracts. (10/01/01)

m1403.01 Derivative Markets - Settlement prices shall be set in accordance  
with this regulation consistent with the settlement prices of the primary  
market. Contract settlement prices shall be set equal to the settlement prices  
of the corresponding contracts of the primary market for such commodity. Where a  
particular contract has opened on the Exchange for which the primary market has  
established no settlement price, the clearing house shall set a settlement price  
consistent with the spread relationships of other contracts; provided, however,  
that if the contract is not subject to daily price fluctuation limits then the  
settlement prices shall be set at the fair market value of the contract at the  
close of trading. (10/01/01)

m1404.01 Unit of Trading - The unit of trading for Silver shall be one thousand  
troy ounces. Bids and offers may be accepted in lots of one thousand troy ounces  
or multiples thereof. (10/01/01)

m1405.01 Months Traded In - Trading in Silver for future delivery may be  
conducted in the current calendar month and any subsequent months. (10/01/01)

m1406.01 Price Basis - All prices of Silver shall be basis New York, New York,  
or basis any other location designated by the primary market, in multiples of  
10/100 of one cent per troy ounce. Contracts shall not be made on any other  
price basis. (10/01/01)

m1407.01 Hours of Trading - The hours of trading for future delivery in Silver  
futures shall be determined by the Exchange. On the last day of trading in an  
expiring future, the closing time for such future shall be 1:25 p.m. (10/01/01)

m1409.01 Last Day of Trading - No trades in Silver futures deliverable in the  
current month shall be made during the last two business days of that month and  
any contracts remaining open must be settled by delivery or as provided in  
Regulation m1409.02 after trading in such contracts has ceased; and if not  
previously delivered, delivery must be made no later than the last business day  
of the month. (10/01/01)

m1409.02 Liquidation During the Delivery Month - After trading in contracts for  
future delivery in the current delivery month has ceased in accordance with the  
previous rule of this chapter, outstanding contracts for such delivery may be  
liquidated by means of a bona fide exchange of such current futures for the  
actual cash commodity. Such exchange must, in any event, be made no later than  
the last business day of the delivery month. (10/01/01)

m1410.01 Margin Requirements - Margin requirements shall be determined by the  
Board. (See Regulation 431.03) (10/01/01)

m1411.01 Disputes - All disputes between interested parties may be settled by  
arbitration as provided in the Rules and Regulations. (10/01/01)

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m1412.01 Position Limits and Reportable Positions -  
(See Regulation 425.01) (10/01/01)

m1413.01 Contract Modification - Specifications shall be fixed as of the first day of trading of a contract except that all deliveries must conform to government regulations in force at the time of delivery. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with the trading pursuant to these rules, such order, ruling, directive, or law shall be construed to take precedence and become part of these rules and all open and new contracts shall be subject to such governmental orders. (10/01/01)

## Chm14 Delivery Procedures

m1436.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be refined Silver in a bar cast in a basic weight of either 1,000 troy ounces or 1,100 troy ounces (each bar may vary no more than 10% more or less); assaying not less than 999 fineness; and made up of one of the brands and markings officially listed by the Exchange as provided in Regulation m1440.01, current at the date of delivery of such silver. (10/01/01)

m1440.01 Brands and Markings of Silver - Brands and markings deliverable in satisfaction of futures contracts shall be listed with the Exchange upon approval by the Exchange. The Exchange may require such sureties as it deems necessary. The Secretary's Office shall make available a list of the brands and markings of silver bars which are deliverable. The addition of brands and markings shall be binding upon all such contracts outstanding as well as those entered into after approval. (10/01/01)

m1440.02 Withdrawal of Approval of Silver Brands or Markings - If at any time a brand or marking fails to meet the requirements adopted by the Exchange or the metallurgical assay of any silver bars bearing a brand or marking on the official list depreciates below 999 fineness, the Exchange may exclude said brand or marking from the official list unless deliveries of bars bearing said brand or marking are accompanied by certificates of analysis of an official assayer showing a silver fineness of not less than 999, and such additional bond as the Exchange may deem necessary. Notice of such action shall be posted upon the bulletin board of the Exchange and the official list shall indicate the limitation upon deliveries of said brand or marking. (10/01/01)

m1440.03 Approved Brands - (See Appendix m14A) (10/01/01)

m1440.04 Product Certification and Shipment - To be eligible for delivery on the Exchange, all silver must be certified as to fineness and weight by an Exchange approved refiner, assayer, or other Exchange approved certifying authority and must be shipped directly from the Exchange approved refiner, assayer, or certifying authority via Exchange approved carriers to Exchange approved vaults.

All silver, if not continuously in the custody of an Exchange approved vault or carrier, must be recertified as to fineness and weight to be eligible for delivery.

The Exchange at its sole discretion shall have the authority at any time to have assayed any silver bars covered by vault receipts delivered against futures contracts. In such an event, costs are to be borne by the Exchange. (10/01/01)

m1440.05 Refiners, Vaults, Weighmasters, and Assayers - Exchange approved refiners, vaults, assayers, and weighmasters may be listed with the Exchange upon approval by the Exchange. The Secretary's Office shall maintain and make available such lists. The addition of refiners and vaults shall be binding upon all contracts outstanding as well as those entered into after approval. (10/01/01)

m1440.06 Cost of Inspection, Weighing, Storage and Delivery - All charges associated with the delivery of silver and all costs associated with inspections, weighing, and Exchange documentations, through the day of delivery, shall be paid by the delivering party. The delivering party shall pay storage charges through the business day following the day of delivery. The receivers shall pay all charges including storage charges incurred after the business day following the day of delivery.

A holder of an Exchange approved vault receipt for silver may request recertification at his expense at any time while the unit represented by such receipt is in the Exchange approved vault. Such recertification shall be made by an Exchange approved certifying authority or assayer, selected by such holder. (10/01/01)

m1441.01 Delivery Points - Silver located at regular vaults at points approved by the Exchange may be delivered in satisfaction of futures contracts. (10/01/01)

m1442.01 Deliveries by Vault Receipts - In order to be valid for delivery against futures contracts, the vault receipt must be registered with the official Registrar of the Exchange and in accordance with the requirements issued by the Registrar. The vault receipt must be registered before 4:00 p.m. on notice day, the business day prior to the day of delivery; however, in the case of delivery on the last delivery day of the delivery month, the vault receipt must be registered before 1:00 p.m. Deliveries on silver futures contracts shall be made by the delivery of depository vault receipts issued by vaults which have been approved and designated as regular vaults by the Exchange for the storage of silver.

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Silver in bars must come to the regular vaults directly from an approved source or from another regular vault either on the Chicago Board of Trade or the Commodity Exchange, Inc., by insured or bonded carrier.

The vault receipts shall evidence that storage charges have been paid up to and including the business day following the day of delivery. If such charges are not so paid, registration may be canceled at the request of the issuing vault. Prepaid storage charges shall be charged to the buyer by the seller for a period extending beyond the business day following the day of delivery (but not in excess of thirty days) pro rata for the unexpired term and adjustments made upon the invoice thereof. In order to effect a valid delivery, each vault receipt must be endorsed by the clearing member making the delivery.

By the tender of a vault receipt for silver duly endorsed for delivery of the lot on an Exchange contract, the endorser shall be deemed to warrant, to his transferee and each subsequent transferee of the receipt for delivery on Exchange contracts, and their respective immediate principals, the genuineness, validity, and worth of such receipt, the rightfulness and effectiveness of his transfer thereof, and the quantity and quality of the silver shown on the receipt.

In the event such Exchange member or principal shall claim a breach of such warranty, and such claim relates to the quantity or quality of the silver, the lot shall be immediately submitted for sampling and assaying to an assayer approved by the Exchange; the silver must be shipped under bond, and at the owner's expense, to the assayer. The expense of sampling and assaying shall, in the first instance, be borne by the claimant. If a deficiency in quantity or quality shall be determined by the assayer, the claimant shall have the right to recover the difference in the market value and all expenses incurred in connection with the sampling and assaying and any cost of replacement of the silver. The claimant may, at his option, proceed directly against the original endorser of the vault receipt upon Exchange delivery, or against any endorser prior to claimant without seeking recovery from his immediate deliverer on the Exchange contract, and if the claim is satisfied by the original endorser of the vault receipt, or any other endorser, all the endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from any endorser and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from any endorser prior to him. Such claims as are in dispute between members of the Exchange may in each case be submitted to arbitration under the Rules of the Exchange.

The liability of an endorser of a vault receipt as provided herein shall not be deemed to limit the rights of such endorser against any person or party for whose account the endorser acted in making delivery on an Exchange contract. If it shall be determined in such arbitration proceeding that any endorser of a vault receipt or the person or party for whom such endorser acted was aware of the breach of warranty or was involved in a plan or arrangement with the original endorser (or his principal) to place such inferior silver in store in a regular vault for use in deliveries upon Exchange contracts, such endorsers shall not be entitled to recover from any prior endorser for the breach of warranty. (10/01/01)

m1443.01 Deposit of Silver with Vaults - Silver in bars shall be placed into a regular vault accompanied by the following information:

- A. Brand or markings;
- B. Identification (serial number) of each bar;
- C. Weight of each bar; and
- D. Fineness. (10/01/01)

m1443.02 Issuance of Vault Receipts - After the silver has been placed in a regular vault, negotiable vault receipts shall be issued to its owners with the following information:

- A. Brand or markings;
- B. Identification (serial number) of each bar;
- C. Weight of each bar;
- D. Fineness.

Receipts shall be lettered or numbered consecutively by each vault. No two receipts shall bear the



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Storage Payments

RECEIVED FROM	DATE	REC. DEL. CHG.	STORAGE CHARGE		SIGNATURE
		AMOUNT	AMOUNT	PAID TO	

ENDORSEMENTS

Date \_\_\_\_\_ by \_\_\_\_\_  
Date \_\_\_\_\_ by \_\_\_\_\_  
Date \_\_\_\_\_ by \_\_\_\_\_

The following form of warehouse depository receipt shall be used:

Board of Trade of the City of Chicago, Inc.

141 W. Jackson Blvd.. Chicago, IL 60604  
(312) 435-3592

Original Negotiable Warehouse Depository Receipt

Date Issued: \_\_\_\_\_ No. \_\_\_\_\_

The issuer of this instrument will, upon notice and demand, deliver to:

\_\_\_\_\_ or his or it order 1,000 troy ounces of

silver contained in a bar conforming to the delivery specifications contained in the Rules and Regulations of the Board of Trade of the City of Chicago, Inc. Delivery shall be based upon identification markings appearing on said bar. The issuer has not ascertained, and is not responsible for, the authenticity or correctness of markings on, or content, weight or fineness of, said bar. Upon the return of this receipt, properly endorsed, to issuer, and payment of all storage charges pertaining to the silver represented, for which the Board of Trade of the City of Chicago, Inc. claims a lien, the silver will be transferred into the account of the bearer of this certificate.

Board of Trade of the City of Chicago, Inc.

By: \_\_\_\_\_  
Authorized Signature

Notice: This receipt expires one year from date of issuance. Return to issuer prior to expiration for reissue or delivery. (10/01/01)

m1446.01 Date of Delivery - Where Silver is sold for delivery in a specified month, delivery of such silver may be made by the seller upon such day of the specified month as the seller may select. If not previously delivered, delivery must be made upon the last business day of the month. (10/01/01)

m1447.01 Delivery Notices - (See 1047.01) (10/01/01)

m1448.01 Method of Delivery - (See 1048.01) (10/01/01)

m1449.01 Time of Delivery, Payment, Form of Delivery Notice - (See 1049.00) (10/01/01)

m1449.02 Buyer's Report of Eligibility to Receive Delivery - (See 1049.02) (10/01/01)

m1449.03 Sellers' Invoice to Buyers - In addition to the requirements of 1049.03, the seller shall mail a copy of the invoice to the vault or vaults who issued the vault receipts being delivered. The seller will thereby notify the vault of the transfer of ownership of the indicated vault receipts from the seller to the buyer. The seller will be responsible for the payment of storage charges unless the vault has been notified thereby. (10/01/01)

m1449.04 Payment - Payment is to be made by a check drawn on and certified by a Chicago bank or by a Cashier's check issued by a Chicago bank. The long clearing member may effect payment by wire transfer only if this method of payment is acceptable to the short clearing member. (10/01/01)

m1450.00 Duties of Members - (See 1050.00) (10/01/01)

m1451.01 Office Deliveries Prohibited - (See 1051.01) (10/01/01)

m1454.00 Failure to Accept Delivery - (See 1054.00) (10/01/01)

m1456.01 Storage and Transfer Fees - Storage charges, transfer fees and in-and-out charges shall be set by each depository vault and the schedule of such charges shall be posted with the Exchange, which shall be notified at least 60 days in advance of any changes in the rate schedule. Except as otherwise provided, all such charges and fees shall remain the responsibility of the Seller until payment is made. (10/01/01)

Chm14 Regularity of Vaults

m1480.01 Duties of Vault Operators - It shall be the duty of the operators of all regular vaults:

- (a) To accept Silver for delivery on Chicago Board of Trade contracts, provided such Silver is ordered into the Vault by a Clearing Member of the Exchange, and all space in such vaults is not already filled or contracted for.
- (b) To notify the Board of Trade of any change in the condition of their vaults.
- (c) To release to the bearer of the receipt the bars covered by said receipt upon presentation of the receipt and payment of all storage and outloading charges no later than the business day following compliance with these provisions.
- (d) To keep stocks of Silver in storage in balance with Silver represented by its outstanding vault receipts. (10/01/01)

m1481.01 Conditions of Regularity - Silver may be delivered against a Silver contract from any vault designated by the Exchange specifically for the storage of silver, and may not be delivered except from such vault. The following shall constitute the requirements for regularity, and by accepting a Declaration of Regularity the vault agrees to abide by these conditions:

- (1) The vault must notify the Exchange promptly of any material change in ownership or condition of its premises.
- (2) The vault is required to submit a certified financial statement within 90 days of the firm's year-end. A letter of attestation must accompany all financial statements signed by the Chief Financial Officer or if there is none, a general partner or executive officer.
- (3) Such vault shall be provided with standard equipment and appliances for the convenient and safe storage of Silver and provide for proper security.
- (4) The operator of such vault shall furnish to the Registrar all needed information to enable him to keep a correct record and account of all Silver received and delivered by the vault daily and of that remaining in store at the close of each week.
- (5) The operator of such vault shall accord every facility to any duly authorized committee for the examination of its books or records for the purpose of ascertaining the stocks of Silver. The Exchange shall have the authority to employ experts to determine the quantity and quality of Silver in said vault.
- (6) No vault shall be deemed suitable to be declared regular if its location, accessibility, tariffs, or other qualifications shall depart from uniformity to the extent that its receipts as tendered in satisfaction of futures contracts impair the efficacy of futures trading in this market, or if the operator of such vault engages in unethical or inequitable practices, or if the operator fails to comply with any laws, Federal or State, or Rules or Regulations promulgated under those laws.
- (7) The operator shall make such reports, keep such records, and permit such vault visitation as the Board of Trade may prescribe, and shall comply with all applicable Rules and Regulations.
- (8) The operator of such vault must give such bonds to the Exchange as may be required by the Exchange.
- (9) The vault shall neither withdraw as a regular vault nor withdraw any regular capacity except after a sixty (60) day notice to the Exchange or having obtained the consent of the Exchange.
- (10) The vault shall notify the Exchange at least sixty (60) days in advance of any changes in its maximum storage rates, penalty for late storage payment and handling charges. (10/01/01)

m1484.01 Revocation of Regularity - Any regular vault may be declared by the Business Conduct Committee or, pursuant to Regulation 540.10, the Hearing Committee, to be irregular at any time if it does not comply with the conditions above set forth, or fails to carry out its prescribed duties. If the designation of a vault as regular shall be revoked a notice shall be posted on the bulletin board and on the Exchange website announcing such revocation and also the period of time, if any, during which the receipts issued by such vault shall thereafter be deliverable in satisfaction of futures contracts in Silver under the Rules and Regulations.

Chm14 Regularity of Vaults  
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By accepting a Declaration of Regularity the vault agrees, in the event of revocation or expiration of regularity, to bear the expenses of the transfer of silver under bond to another regular vault satisfactory to the holders of its vault receipts. (10/01/01)

m1486.01 Regular Vaults - (See Appendix m14B) (10/01/01)



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Chapter 20

X-Fund Futures  
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Ch 20 Trading Conditions

2001.01 Authority - Trading in CBOT(R) X-Fund futures may be conducted under such terms and conditions as may be prescribed by Regulation. (02/01/02)

2002.01 Application of Regulations - Futures transactions in CBOT X-Fund futures contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in CBOT X-Fund futures contracts. (02/01/02)

2004.01 Unit of Trading - The unit of trading shall be \$1,000 times the CBOT X-Fund Index. (02/01/02)

2005.01 Periods Traded In - Trading in CBOT X-Fund futures may be conducted in the current two week period only. The commencement of trading in the current bi-weekly CBOT X-Fund futures is a Friday designated by the Exchange and every other Friday thereafter. If such Friday is not a business day, the commencement of trading shall be the business day prior to such Friday. (02/01/02)

2006.01 Price Basis - The price of the CBOT X-Fund futures shall be quoted in points and tenths of a point (1/10). One point equals \$1,000.00. The minimum price fluctuation shall be one tenth of a point per contract, or \$100.00. Contracts shall not be made on any other price basis. (02/01/02)

2007.01 Hours of Trading - The hours of trading for future delivery in CBOT X-Fund futures shall be determined by the Exchange. (02/01/02)

2008.01 Trading Limits - None. (02/01/02)

2009.01 Last Day of Trading - No trades in the current bi-weekly CBOT X-Fund futures shall be made after the business day preceding the Friday two weeks following the commencement of trading in the current bi-weekly CBOT X-Fund futures. If such Friday is not a business day, the last day of trading shall be two business days prior to such Friday. (02/01/02)

2009.02 Liquidation During the Delivery Period - After trading in CBOT X-Fund futures contracts for future delivery in the current bi-weekly period has ceased, in accordance with Regulation 2009.01 of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Regulation 2042.01. (02/01/02)

2010.01 Margin Requirements - Margin requirements shall be as determined by the Exchange. (02/01/02)

2012.01 Position Limits and Reportable Positions - (See Regulation 425.01) Participants in CBOT X-Fund Futures must provide information to the Exchange on their trading activity, including but not limited to, volume and open interest in component futures contracts, including those listed on other designated contract markets, upon request of the Exchange. (03/01/02)

2036.01 Standards - The contract grade shall be based on the value of the CBOT X-Fund Index on final settlement day.

a) CBOT X-Fund Index Composition

i) The designer of the CBOT X-Fund Index selects the components making up the composition of the CBOT X-Fund Index. The CBOT X-Fund Index underlies the current bi-weekly CBOT X-Fund futures contract.

ii) The CBOT X-Fund Index composition shall be limited to a maximum of any four eligible futures contracts, long and/or short. The Exchange shall determine, from time to time, which futures contracts are eligible.

(1) Security futures products, as defined in Sections 1a(31) or 1a(32) of the Commodity Exchange Act, are not eligible.

(2) At a minimum, no futures contract shall be determined to be eligible unless it has been listed on a U.S. designated contract market for a minimum of twelve months and it has had an average daily trading volume of at least 5,000 contracts for all months combined for the most recent calendar quarter. Individual contract months with historical trading volume of at least 1,000 contract per day are eligible.

(3) Cash settled index futures contracts are eligible based on their components meeting criteria (2).

(4) Derivative Markets futures contracts are eligible based on their underlying primary market futures contracts meeting criteria (2).

iii) The CBOT X-Fund Index shall not contain component contracts on or after the second business day prior to the first day of delivery or cash settlement for such contracts.

iv) No changes to the component contracts or contract positions in the CBOT X-Fund Index are permitted for the duration of trading in the current bi-weekly CBOT X-Fund futures contract.

v) Changes to the component contracts or contract positions in the CBOT X-Fund Index are permitted bi-weekly, following the final settlement of the current bi-weekly CBOT X-Fund futures contract and prior to the commencement of trading in the successive bi-weekly CBOT X-Fund futures contract.

vi) On the business day preceding the commencement of trading in the current bi-weekly CBOT X-Fund futures contract the component contracts of the CBOT X-Fund Index shall be announced by the Exchange.

b) CBOT X-Fund Index Computation

i) The value of the CBOT X-Fund Index at its inception is set at \$100,000.00 or 100.0 points.

ii) The value of the CBOT X-Fund Index at the commencement of trading of each successive bi-weekly CBOT X-Fund futures contract is set equal to the special quotation

value, rounded to the nearest tenth of a point (1/10), up if .05 or more, of the X-Fund Index on the final trading day of the prior bi-weekly CBOT X-Fund futures contract.

iii) The value of the CBOT X-Fund Index, marked-to-the-market, based on the settlement prices of the component contracts, shall be posted by the Exchange at the start of trading on each trading day. (05/01/02)

2042.01 Delivery on Futures Contracts - Delivery against the CBOT X-Fund futures contract must be made through the Clearing Corporation. Delivery under these regulations shall be on the final settlement day (as described in Regulation 2042.03) and shall be accomplished by cash settlement as hereinafter provided. Clearing members holding open positions in a CBOT X-Fund futures contract at the time of termination of trading shall make payments to and receive payment through the Clearing Corporation in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price. (02/01/02)

2042.02 Final Settlement Price - The final settlement price shall be based on a special quotation of the CBOT X-Fund Index, rounded to the nearest one hundredth of a point (1/100), up if .005 or more, which corresponds to the expiring contract at the close of business on the last trading day (as described in Regulation 2009.01). This special quotation will consist of the CBOT X-Fund Index which corresponds to the expiring contract calculated using the settlement prices of the component contracts on the last trading day, except as noted below.

If a component contract month's settlement price on the last trading day is unavailable because of an anticipated or unanticipated closure of trading in the component contract, then the contribution to the final settlement price of the affected component shall be based on the settlement price of the first preceding trading day. (05/01/02)

2042.03 The Final Settlement Day - The final settlement day shall be the business day following the last trading day of the expiring contract. (02/01/02)

2043.01 Discontinuation - In the event that the CBOT X-Fund Index special quotation is below 50.0 points, the CBOT X-Fund Index is discontinued and no subsequent bi-weekly CBOT X-Fund futures on this CBOT X-Fund Index shall be listed. (02/01/02)

2047.01 Payment - See Regulation 1049.04 (02/01/02)

2048.01 Disclaimer - The CBOT is not responsible for, and does not participate in, determining the composition of the futures contracts in the CBOT X-Fund Index, other than ensuring that such contracts meet the eligibility criteria established by the Exchange. The CBOT X-Fund Index Designer has no obligation to take the needs of the traders of CBOT X-Fund futures into consideration in determining the composition of the futures contracts in the CBOT X-Fund Index. Subject to compliance with CBOT Rules and Regulation, the CBOT X-Fund Designer, and any firm of which he is a principal, may take long and short positions in CBOT X-Fund futures based on the Index that he designs and in any of the Index components. The CBOT X-Fund Designer, and such firm, shall not have any liability to any third party as a result of the fact that any such positions have been taken in compliance with CBOT Rules and Regulations and CFTC requirements.

THE CBOT X-FUND INDEX DESIGNER AND THE CBOT MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE CBOT, TRADERS OF CBOT X-FUND FUTURES, OR ANY OTHER PERSON OR ENTITY, FROM THE COMPOSITION OF THE CBOT X-FUND INDEX. THE CBOT X-FUND INDEX DESIGNER AND THE CBOT MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE CBOT X-FUND INDEX. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE CBOT X-FUND INDEX DESIGNER OR THE CBOT HAVE ANY LIABILITY

FOR INDIRECT, PUNITIVE, SPECIAL, OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN THE CBOT X-FUND INDEX DESIGNER AND THE CBOT. (03/01/02)

2049.01 Information Sharing - Notwithstanding Regulation 170.02, the Office of Investigations and Audits shall cooperate with, and provide information to, another designated contract market, upon its request, in connection with any investigation that such designated contract market may conduct relating to trading activity in a futures contract as a result of its inclusion as a component of a CBOT X-Fund futures contract. (03/01/02)

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Chapter m15  
mini-sized New York Gold Futures  
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Chm15 Trading Conditions

m1501.00 Authority - Trading of mini-sized New York Gold futures may be conducted under such terms and conditions as may be prescribed by Regulation. (10/01/01)

m1502.01 Application of Regulations - Futures transactions in mini-sized New York Gold futures shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in mini-sized New York Gold futures contracts. (10/01/01)

m1503.01 Derivative Markets - Settlement prices shall be set in accordance with this regulation consistent with the settlement prices of the primary market. Contract settlement prices shall be set equal to the settlement prices of the corresponding contracts of the primary market for such commodity. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, the clearing house shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement prices shall be set at the fair market value of the contract at the close of trading. (10/01/01)

m1504.01 Unit of Trading - The unit of trading for Gold shall be for 33.2 fine troy ounces of Gold not less than 0.995 fine contained in one bar. Bids and offers may be accepted in lots of 33.2 fine troy ounces or multiples thereof. (10/01/01)

m1505.01 Months Traded In - Trading in Gold for future delivery may be conducted in the current calendar month and any subsequent months. (10/01/01)

m1506.01 Price Basis - All prices of Gold shall be basis New York, New York, or basis any other location designated by the primary market, in multiples of \$0.10 (10 cents) per fine troy ounce. Contracts shall not be made on any other price basis. (10/01/01)

m1507.01 Hours of Trading - The hours of trading for future delivery in Gold futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 1:30 p.m. (10/01/01)

m1509.01 Last Day of Trading - No trades in Gold futures deliverable in the current month shall be made during the last two business days of that month and any contracts remaining open must be settled by delivery or as provided in Regulation m1509.02 after trading in such contracts has ceased; and if not previously delivered, delivery must be made no later than the last business day of the month. (10/01/01)

m1509.02 Liquidation During the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased in accordance with the previous rule of this chapter, outstanding contracts for such delivery may be liquidated by means of a bona fide exchange of such current futures for the actual cash commodity. Such exchange must, in any event, be made no later than the last business day of the delivery month. (10/01/01)

m1510.01 Margin Requirements - Margin requirements shall be determined by the Board. (See Regulation 431.03) (10/01/01)

m1511.01 Disputes - All disputes between interested parties may be settled by arbitration as provided in the Rules and Regulations. (10/01/01)

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m1512.01 Position Limits and Reportable Positions - (See Regulation 425.01)  
(10/01/01)

m1513.01 Contract Modification - Specifications shall be fixed as of the first day of trading of a contract except that all deliveries must conform to government regulations in force at the time of delivery. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with the trading pursuant to these rules, such order, ruling, directive, or law shall be construed to take precedence and become part of these rules and all open and new contracts shall be subject to such governmental orders. (10/01/01)

Chm15 Delivery Procedures

m1536.01 Standards - Each futures contract shall be for 33.2 fine troy ounces of Gold no less than 995 fineness contained in no more than one bar.

Variations in the quantity of the delivery unit not in excess of ten percent of 33.2 fine troy ounces shall be permitted.

In accordance with the accepted practices of the trade, each bar for good delivery must be of good appearance, easy to handle, and convenient to stack. The sides and bottom should be reasonably smooth and free from cavities and bubbles. The edges should be rounded and not sharp. Each bar, if not marked with the fineness and stamp of an approved refiner, assayer, or other certifying authority must be accompanied by a certificate issued by an approved refiner, assayer, or other certifying authority, stating the serial number of the bar(s), the weight, and the fineness. (10/01/01)

m1540.01 Brands and Markings of Gold - Brands and markings deliverable in satisfaction of futures contracts shall be listed with the Exchange upon approval by the Exchange. The Exchange may require such sureties as it deems necessary. The Secretary's Office shall make available a list of the brands and markings of Gold bars which are deliverable. The addition of brands and markings shall be binding upon all such contracts outstanding as well as those entered into after approval. (10/01/01)

m1540.02 Withdrawal of Approval of Gold Brands or Markings - If at any time a brand or marking fails to meet the requirements adopted by the Exchange or the metallurgical assay of any Gold bars bearing a brand or marking on the official list depreciates below 995 fineness, the Exchange may exclude said brand or marking from the official list unless deliveries of bars bearing said brand or marking are accompanied by certificates of analysis of an official assayer showing a Gold fineness of not less than 995, and such additional bond as the Exchange may deem necessary. Notice of such action shall be posted upon the bulletin board of the Exchange and the official list shall indicate the limitation upon deliveries of said brand or marking. (10/01/01)

m1540.03 Approved Brands - (See Appendix m15A) (10/01/01)

m1540.04 Product Certification and Shipment - To be eligible for delivery on the Exchange, all Gold must be certified as to fineness and weight by an Exchange approved refiner, assayer, or other Exchange approved certifying authority and must be shipped directly from the Exchange approved refiner, assayer, or certifying authority via Exchange approved carriers to Exchange approved vaults.

All Gold, if not continuously in the custody of an Exchange approved vault or carrier, must be recertified as to fineness and weight to be eligible for delivery.

The Exchange at its sole discretion shall have the authority at any time to have assayed any Gold bars covered by vault receipts delivered against futures contracts. In such an event, costs are to be borne by the Exchange. (10/01/01)

m1540.05 Refiners, Vaults, Weighmasters, and Assayers - Exchange approved refiners, vaults, assayers, and weighmasters may be listed with the Exchange upon approval by the Exchange. The Secretary's Office shall maintain and make available such lists. The addition of refiners and vaults shall be binding upon all contracts outstanding as well as those entered into after approval. (10/01/01)

m1540.06 Cost of Inspection, Weighing, Storage and Delivery - All charges associated with the delivery of Gold and all costs associated with inspections, weighing, and Exchange documentations, through the day of delivery, shall be paid by the delivering party. The delivering party shall pay storage charges through the business day following the day of delivery. The receivers shall pay all charges including storage charges incurred after the business day following the day of delivery.

A holder of an Exchange approved vault receipt for Gold may request recertification at his expense at any time while the unit represented by such receipt is in the Exchange approved vault. Such recertification shall be made by an Exchange approved certifying authority or assayer, selected by such holder. (10/01/01)

m1541.01 Delivery Points - Gold located at regular vaults at points approved by the Exchange may be delivered in satisfaction of futures contracts. (10/01/01)

m1542.01 Deliveries by Vault Receipts - In order to be valid for delivery against futures contracts,



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the vault receipt must be registered with the official Registrar of the Exchange and in accordance with the requirements issued by the Registrar. The vault receipt must be registered before 4:00 p.m. on notice day, the business day prior to the day of delivery; however, in the case of delivery on the last delivery day of the delivery month, the vault receipt must be registered before 1:00 p.m. Deliveries on Gold futures contracts shall be made by the delivery of depository vault receipts issued by vaults which have been approved and designated as regular vaults by the Exchange for the storage of Gold. Gold in bars must come to the regular vault directly from an approved source or from another regular vault either on the Chicago Board of Trade or the Commodity Exchange, Inc., by insured or bonded carrier.

The vault receipts shall evidence that storage charges have been paid up to and including the business day following the day of delivery. If such charges are not so paid, registration may be canceled at the request of the issuing vault. Prepaid storage charges shall be charged to the buyer by the seller for a period extending beyond the business day following the day of delivery (but not in excess of thirty days) pro rata for the unexpired term and adjustments made upon the invoice thereof. In order to effect a valid delivery, each vault receipt must be endorsed by the clearing member making the delivery.

By the tender of a vault receipt for Gold duly endorsed for delivery of the lot on an Exchange contract, the endorser shall be deemed to warrant, to his transferee and each subsequent transferee of the receipt for delivery on Exchange contracts, and their respective immediate principals, the genuineness, validity, and worth of such receipt, the rightfulness and effectiveness of his transfer thereof, and the quantity and quality of the Gold shown on the receipt.

In the event such Exchange member or principal shall claim a breach of such warranty, and such claim relates to the quantity or quality of the Gold, the lot shall be immediately submitted for sampling and assaying to an assayer approved by the Exchange; the Gold must be shipped under bond, and at the owner's expense, to the assayer. The expense of sampling and assaying shall, in the first instance, be borne by the claimant. If a deficiency in quantity or quality shall be determined by the assayer, the claimant shall have the right to recover the difference in the market value and all expenses incurred in connection with the sampling and assaying and any cost of replacement of the Gold. The claimant may, at his option, proceed directly against the original endorser of the vault receipt upon Exchange delivery, or against any endorser prior to claimant without seeking recovery from his immediate deliverer on the Exchange contract, and if the claim is satisfied by the original endorser of the vault receipt, or any other endorser, all the endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from any endorser and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from any endorser prior to him. Such claims as are in dispute between members of the Exchange may in each case be submitted to arbitration under the Rules of the Exchange.

The liability of an endorser of a vault receipt as provided herein shall not be deemed to limit the rights of such endorser against any person or party for whose account the endorser acted in making delivery on an Exchange contract. If it shall be determined in such arbitration proceeding that any endorser of a vault receipt or the person or party for whom such endorser acted was aware of the breach of warranty or was involved in a plan or arrangement with the original endorser (or his principal) to place such inferior Gold in store in a regular vault for use in deliveries upon Exchange contracts, such endorsers shall not be entitled to recover from any prior endorser for the breach of warranty. (10/01/01)

m1543.01 Deposit of Gold with Vaults - Gold in bars shall be placed into a regular vault accompanied by the following information:

- A. Brand or markings;
- B. Identification (serial number) of each bar;
- C. Weight of each bar; and
- D. Fineness. (10/01/01)

m1543.02 Issuance of Vault Receipts - After the Gold has been placed in a regular vault, negotiable vault receipts shall be issued to its owners with the following information:

- A. Brand or markings;

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- B. Identification (serial number) of each bar;
- C. Weight of each bar;
- D. Fineness.

Receipts shall be lettered or numbered consecutively by each vault. No two receipts shall bear the same letter or number. No receipt shall be issued for more or less than one contract unit.

m1544.01 Form of Vault Receipt - The following form of vault receipt shall be used:

-----  
(Name of Issuer)  
-----

-----  
(Address)  
-----

(Designated by the Exchange as Regular for Delivery of Gold)

Bearer Receipt No. \_\_\_\_\_

Location, \_\_\_\_\_, 20\_\_\_\_

RECEIVED from \_\_\_\_\_  
and stored in the vaults of the undersigned at the above facility, are  
\_\_\_\_\_ (\_\_\_\_) BARS. Said bars are deliverable only at said vaults to  
them (or him) or order or, if endorsed in blank, to the bearer hereof upon  
surrender hereof and payment of the storage and other proper charges and  
for expenses for notice, advertisement and sale.

\_\_\_\_\_ (the "Vault"), acknowledges receipt, from Depositor named  
above, of the bullion bars described in Schedule I (the "Bars"), stamped  
to indicate the aggregate amount shown of Gold 995 fine. Vault has  
recorded the specifications concerning the bars as indicated thereon. The  
Vault is not responsible for the authenticity for markings on, or for the  
weight, fineness, or contents of, the Bars.

Storage charges are payable on the date of issue of this receipt to the  
end of the current month; and monthly thereafter, in advance, on the first  
business day of each calendar month. Unearned prepaid storage charges  
will be refunded to the holder upon surrender of this receipt.

Detailed specifications of bars covered by this receipt have been recorded  
by the undersigned as indicated on said bars.

THIS RECEIPT IS VOID unless signed by two (2) persons authorized to sign  
on behalf of the Vault.

SCHEDULE I

SERIAL NUMBER	WEIGHT	MARK OR BRAND
	(Troy Ounces)	

-----  
Total \_\_\_\_\_  
-----

-----  
Control Number

-----  
Name of Vault

Notice: Notification of transfer  
of this receipt will facilitate  
billing of storage charge.

-----  
By Authorized Signature

-----  
By Authorized Signature

STORAGE AND HANDLING CHARGES: Storage charges of \_\_\_\_\_ per day per  
contract, minimum \_\_\_\_\_ per contract; plus \_\_\_\_\_ handling  
charge per contract for each deposit and \_\_\_\_\_ for each withdrawal.



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third decimal place is increased by 0.001.

Payment is to be made by a check drawn on and certified by a Chicago bank or by a Cashier's check issued by a Chicago bank. The long clearing member may effect payment by wire transfer only if this method of payment is acceptable to the short clearing member. (10/01/01)

m1550.00 Duties of Members - (See 1050.00) (10/01/01)

m1551.01 Office Deliveries Prohibited - (See 1051.01) (10/01/01)

m1554.00 Failure to Accept Delivery - (See 1054.00) (10/01/01)

m1556.01 Storage and Transfer Fees - Storage charges, transfer fees and in-and-out charges shall be set by each depository vault and the schedule of such charges shall be posted with the Exchange, which shall be notified at least 60 days in advance of any changes in the rate schedule. Except as otherwise provided, all such charges and fees shall remain the responsibility of the Seller until payment is made. (10/01/01)

Chm15 Regularity of Vaults

m1580.01 Duties of Vault Operators - It shall be the duty of the operators of all regular vaults:

- (a) To accept Gold for delivery on Chicago Board of Trade contracts, provided such Gold is ordered into the Vault by a Clearing Member of the Exchange, and all space in such vaults is not already filled or contracted for.
- (b) To notify the Board of Trade of any change in the condition of their vaults.
- (c) To release to the bearer of the receipt the bars covered by said receipt upon presentation of the receipt and payment of all storage and outloading charges no later than the business day following compliance with these provisions.
- (d) To keep stocks of Gold in storage in balance with Gold represented by its outstanding vault receipts. (10/01/01)

m1581.01 Conditions of Regularity - Gold may be delivered against a Gold contract from any vault designated by the Exchange specifically for the storage of Gold, and may not be delivered except from such vault. The following shall constitute the requirements for regularity, and by accepting a Declaration of Regularity the vault agrees to abide by these conditions:

- (1) The vault must notify the Exchange promptly of any material change in ownership or condition of its premises.
- (2) The vault is required to submit a certified financial statement within 90 days of the firm's year-end. A letter of attestation must accompany all financial statements signed by the Chief Financial Officer or if there is none, a general partner or executive officer.
- (3) Such vault shall be provided with standard equipment and appliances for the convenient and safe storage of Gold and provide for proper security.
- (4) The operator of such vault shall furnish to the Registrar all needed information to enable him to keep a correct record and account of all Gold received and delivered by the vault daily and of that remaining in store at the close of each week.
- (5) The operator of such vault shall accord every facility to any duly authorized committee for the examination of its books or records for the purpose of ascertaining the stocks of Gold. The Exchange shall have the authority to employ experts to determine the quantity and quality of Gold in said vault.
- (6) No vault shall be deemed suitable to be declared regular if its location, accessibility, tariffs, or other qualifications shall depart from uniformity to the extent that its receipts as tendered in satisfaction of futures contracts impair the efficacy of futures trading in this market, or if the operator of such vault engages in unethical or inequitable practices, or if the operator fails to comply with any laws, Federal or State, or Rules or Regulations promulgated under those laws.
- (7) The operator shall make such reports, keep such records, and permit such vault visitation as the Board of Trade may prescribe, and shall comply with all applicable Rules and Regulations.
- (8) The operator of such vault must give such bonds to the Exchange as may be required by the Exchange.
- (9) The vault shall neither withdraw as a regular vault nor withdraw any regular capacity except after a sixty (60) day notice to the Exchange or having obtained the consent of the Exchange.
- (10) The vault shall notify the Exchange at least sixty (60) days in advance of any changes in its maximum storage rates, penalty for late storage payment and handling charges. (10/01/01)

m1584.01 Revocation of Regularity - Any regular vault may be declared by the Business Conduct Committee or, pursuant to Regulation 540.10, the Hearing Committee, to be irregular at any time if it does not comply with the conditions above set forth, or fails to carry out its prescribed duties. If the designation of a vault as regular shall be revoked a notice shall be posted on the bulletin board and on the Exchange website announcing such revocation and also the period of time, if any, during which the receipts issued by such vault shall thereafter be deliverable in satisfaction of futures contracts in Gold under the Rules and Regulations.

By accepting a Declaration of Regularity the vault agrees, in the event of revocation or expiration of regularity, to bear the expenses of the transfer of Gold under bond to another regular vault satisfactory to the holders of its vault receipts. (10/01/01)

m1586.01 Regular Vaults - (See Appendix m15B) (10/01/01)

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U.S. Treasury Bonds  
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Chapter 18  
U.S. Treasury Bonds  
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Ch18 Trading Conditions

1801.00 Authority - (See Rule 1701.00) (10/01/94)

1802.01 Application of Regulations - Futures transactions in long term U.S. Treasury bonds shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in long term U.S. Treasury bonds. 3000 (09/01/00)

1804.01 Unit of Trading - The unit of trading shall be United States Treasury bonds having a face value at maturity of one hundred thousand dollars (\$100,000) or multiples thereof. 3002 (10/01/94)

1805.01 Months Traded In - Trading in long-term U.S. Treasury bonds may be scheduled in such months as determined by the Exchange. (03/01/00)

1806.01 Price Basis - Minimum price fluctuations shall be in multiples of one thirty-second (1/32) point per 100 points (\$31.25 per contract) except for intermonth spreads, where minimum price fluctuations shall be in multiples of one-fourth of one-thirty-second point per 100 points (\$7.8125 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. 3004 (02/01/01)

1807.01 Hours of Trading - The hours of trading for future delivery in U.S. Treasury Bonds shall be determined by the Board. On the last day of the trading in an expiring future, the closing time for such future shall be 12:00 noon, subject to the provisions of the second paragraph of Rule 1007.00. The market shall be opened and closed for all months simultaneously, or in such other manner as the Regulatory Compliance Committee shall direct. 3007 (10/01/94)

1809.01 Last Day of Trading - No trades in long term U.S. Treasury bond futures deliverable in the current month shall be made during the last seven business days of that month and any contracts remaining open must be settled by delivery or as provided in Regulation 1809.02 after trading in such contracts has ceased. 3008 (10/01/94)

1809.02 Liquidation in the Last Seven Days of the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased in accordance with Regulation 1809.01 of this chapter, outstanding contracts may be liquidated by the delivery of book-entry U.S. Treasury bonds (Regulation 1842.01) or by mutual agreement by means of a bona fide exchange of such current futures for the actual long term U.S. Treasury bonds or comparable instruments. Such exchange must, in any event, be made no later than the fifth business day immediately preceding the last business day of the delivery month. 3009 (10/01/94)

1810.01 Margin Requirements - (See Regulation 431.03) (10/01/94)

1812.01 Position Limits and Reportable Positions - (See 425.01) (10/01/94)  
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## Ch18 Delivery Procedures

1836.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be long term U.S. Treasury bonds which if callable are not callable for at least 15 years or if not callable have a maturity of at least 15 years. All bonds delivered against a contract must be of the same issue. For settlement, the time to maturity (time to call if callable) of a given issue is calculated in complete three month increments (i.e. 15 years and 5 months = 15 years and 1 quarter) from the first day of the delivery month. The price at which a bond with this time to maturity (time to call if callable) and with the same coupon rate as this issue will yield 6% according to bond tables prepared by the Financial Publishing Co. of Boston, Mass., is multiplied times the settlement price to arrive at the amount which the short invoices the long.

U.S. Treasury Bonds deliverable against futures contracts under these regulations must have semi-annual coupon payments.

Interest accrued on the bonds shall be charged to the long by the short in accordance with Department of the Treasury Circular 300, Subpart P.

New issues of long term U.S. Treasury bonds which satisfy the standards in this regulation shall be added to the deliverable grade as they are issued. The Board shall have the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status. 3001 (03/01/00)

1842.01 Deliveries on Futures Contracts - Deliveries against long term U.S. Treasury bond futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 1880.01) in accordance with Department of the Treasury Circular 300, Subpart O: Book-Entry Procedure. Delivery must be made no later than the last business day of the month. Notice of intention to deliver shall be given to the Board of Trade Clearing Corporation by 8:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time) on delivery day. The short Clearing Member must have contract grade U.S. Treasury bonds in place at his bank in acceptable (to his bank) delivery form no later than 10:00 a.m. (Chicago time) on delivery day. The short Clearing Member must notify his bank (Regulation 1880.01) to transfer contract grade U.S. Treasury bonds by book-entry to the long Clearing Member's account at the long Clearing Member's bank on a delivery versus payment basis. That is, payment shall not be made until the bonds are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time) and notify his bank (Regulation 1880.01) to accept contract grade U.S. Treasury bonds and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 1880.01) in payment for delivery of the bonds. Contract grade U.S. Treasury bonds must be transferred and payment must be made before 1:00 p.m. (Chicago time) on delivery day. All deliveries must be assigned by the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it received from its customers who are short. 3011 (12/01/99)

1842.02 Wire Failure - In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the long Clearing Member's bank or the short Clearing Member's bank access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. on the next business day on which the Federal Reserve wire or bank access to it is operable. Interest shall accrue to the long paid by the short beginning on the day on which the bonds were to be originally delivered.

In the event of such failure, both the long and short must provide documented evidence that the instructions were given to their respective banks in accordance with Regulations 1842.01 and 1849.04 and that all other provisions of Regulations 1842.01 and 1849.04 have been complied with. 3014 (10/01/94)

1846.01 Date of Delivery - Delivery of U.S. Treasury bonds may be made by the short upon any



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permissible delivery day of the delivery month the short may select. Delivery of U.S. Treasury bonds must be made no later than the last business day of that month. 3012 (10/01/94)

1847.01 Delivery Notices - (See Regulation 1047.01) (10/01/94)

1848.01 Method of Delivery - (See Regulation 1048.01) (10/01/94)

1849.00 Time of Delivery, Payment, Form of Delivery Notice - (See Rule 1049.00) (10/01/94)

1849.02 Buyer's Report of Eligibility to Receive Delivery - (See Regulation 1049.02) (10/01/94)

1849.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers, describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing House by 2:00 p.m., or by such other time designated by the Board of Directors, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing House by 3:00 p.m., or by such other time designated by the Board of Directors. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed, by placing them in buyer's mail boxes provided for that purpose in the Clearing House. (12/01/99)

1849.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. on the day of delivery except on banking holidays when delivery must be taken and payment made before 9:30 a.m. 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 By-laws and Resolutions. 3013 (10/01/94)

1849.05 Buyers Banking Notification - The long Clearing Member shall provide the short Clearing Member by 4:00 p.m. (5:00 p.m. EST) on the day of intention, one business day prior to delivery day, with a Banking Notification. The Banking Notification form will include the following information: the identification number and name of the long Clearing Member; the delivery date; the notification number of the delivery assignment; the identification number and name of the short Clearing Member making delivery; the quantity of the contract being delivered; the long Clearing Member's bank, account number and specific Federal Wire instructions for the transfer of U.S. securities. (10/01/94)

1850.00 Duties of Members - (See Rule 1050.00) (10/01/94)

1851.01 Office Deliveries Prohibited - (See Regulation 1051.01) (10/01/94)

1854.00 Failure to Accept Delivery - (See Rule 1054.00) (10/01/94)

Ch18 Regularity of Banks

1880.01 Banks - For purposes of these regulations relating to trading in long term U.S. Treasury bonds, the word "Bank" (Regulation 1842.01) shall mean a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and with capital (capital, surplus and undivided earnings) in excess of one hundred million dollars (\$100,000,000). 3015 (10/01/94)

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Ch19 Trading Conditions

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Chapter 19  
10-Year Municipal Note Index Futures  
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Ch19 Trading Conditions

1901.01 Authority - (See Rule 1701.00) (11/01/02)

1902.01 Application of Regulations - Futures transactions in CBOT(R) 10-Year Municipal Note Index (the "Index") contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in Index futures contracts. (11/01/02)

1904.01 Unit of Trading - The unit of trading shall be \$1,000.00 times the Index. (11/01/02)

1905.01 Months Traded - Trading in Index futures contracts may be scheduled in such months as determined by the Exchange. (11/01/02)

1906.01 Price Basis - The price of Index futures contracts shall be quoted in points. One point equals \$1,000.00. The minimum price fluctuation shall be 1/32 of one point or thirty-one dollars and twenty-five cents (\$31.25) per contract. Contracts shall not be made on any other price basis. (11/01/02)

1907.01 Hours of Trading - The hours of trading for future delivery in Index futures contracts shall be determined by the Board. On the last day of trading in an expiring futures contract, the closing time for such future shall be 2:00 p.m. Chicago time (3:00 p.m. New York time) subject to the otherwise applicable provisions of the second paragraph of Rule 1007.00. The market shall be opened and closed for all months simultaneously or in such other manner as the Exchange shall direct. (11/01/02)

1909.01 Last Day of Trading - No trades in Index futures contracts deliverable in the current delivery month shall be made during the last seven business days of that month. If on the last day of trading FT Interactive Data Corporation does not publish a closing Index value, the last day of trading shall be the next business day for which a closing Index value is published. (11/01/02)

1909.02 Liquidation During the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased, in accordance with Regulation 1909.01 of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Regulation 1942.01. (11/01/02)

1910.01 Margin Requirements - (See Regulation 431.03). (11/01/02)

1912.01 Position Limits and Reportable Positions - (See Regulation 425.01). (11/01/02)

Ch19 Delivery Procedures

1936.01 Standards - The contract grade shall be \$1,000.00 times the closing value of the Index on the last day of trading. The Index shall be composed and determined by the Exchange in accordance with the criteria set forth in Regulation 1950.01. The closing value of the Index shall be determined by FT Interactive Data Corporation. (11/01/02)

1942.01 Delivery on Futures Contracts - Delivery against Index futures contracts shall be made through the Clearing House. Delivery under these regulations shall be accomplished by cash settlement as hereinafter provided.

After trading ceases on the last day of trading, the Clearing House shall advise clearing members holding open positions in current month Index futures contracts of the closing value of the Index on the last day of trading. Clearing members shall make and receive payment through the Clearing House in accordance with normal variation settlement procedures. The settlement price on the last day of trading is equal to \$1,000.00 times the closing value of the Index on the last day of trading.

The final settlement value of the Index on the last day of trading shall be determined as follows:

$$\text{Final Settlement Value} = 100 * [5/r + (1-5/r) * (1 + r/200)^{-20}]$$

where r represents the simple average yield-to-worst of the component bonds in the Index for the last day of trading, expressed in percent terms. For example, if the simple average yield-to-worst for the last day of trading is five and one quarter percent, then r is equal to 5.25.

The contract expiration price shall be the final settlement value, so determined, rounded to the nearest one thirty-second of a point.

Example: Suppose the simple average yield-to-worst on the last day of trading is 5.50. The final settlement value will be 96.19318. To render this in terms of price point and thirty-seconds of price points, note that it is between 99-7/32nds and 99-6/32nds (where each price point equals \$1,000.00):

99-7/32nds	=	96.21875
Final Settlement Value	=	96.19318
99-6/32nds	=	96.18750

The final settlement value is nearer to 99-6/32nds. Thus, the contract expiration price is obtained by rounding down to 99-6/32nds.

In the event that the final settlement value is at the exact midpoint between any two adjacent thirty-seconds of a price point, the contract expiration price will be obtained by rounding up to the nearest thirty-second of a point.

On the last day of trading, open contracts will be marked to market based on the closing futures price. A final mark to market will be made on the day the contract expiration price is determined. (11/01/02)

1947.01 Payment - (See Regulation 1049.04) (11/01/02)

1950.01 Index Composition - The Index shall be constructed by the Exchange in accordance with the following criteria:

(a) General Index Composition-The Index, at all times, shall be composed of no fewer than 100 but no more than 250 municipal bonds that are generally exempt from federal income taxation, including those generally exempt issues whose interest payments may be subject to an alternative minimum tax. The Exchange, in its discretion, may include bonds which meet the following criteria:

1. Size - Each bond shall have a principal value that is equal to or greater than \$50 million and shall be a component tranche of a municipal issuance that has a deal size that is equal to or greater than \$200 million.
2. Rating - Each bond shall carry an insured or underlying trading of AAA by Standard and Poor's Corporation (S&P) and Aaa by Moody's Investors Service (MIS) upon initial inclusion in the Index. Bonds that fall below an insured or underlying rating of A- by S&P or A3 by MIS or both shall be deleted from the Index immediately.
3. Maturity - Each bond shall have a remaining maturity that is not less than 10 years or more than 40 years from the first calendar day of the corresponding futures contract month.

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4. Call Provisions - Each bond may or may not be callable. If callable, the first call date shall be not less than 7 years from the first calendar day of the corresponding futures contract month.
5. Par Issue - Each bond must have a price that is equal to or greater than 90 at its issuance date to be eligible for inclusion in the Index.
6. Private Placements - A bond that is issued as a private placement is not eligible for inclusion in the Index.
7. Coupon - Each bond shall pay semi-annual interest at a fixed coupon rate that is not less than three percent per annum or greater than nine percent per annum.
8. Issuer Limit - No more than five percent of the number of bonds in the Index shall be from the same issuer. A bond shall be deemed to have been issued by the same issuer if such bond has the same nominal and generic security, that is, the same ultimate source of payment for debt service, of another bond in the Index. A first or second lien bond of the same generic security shall be defined as having been issued by the same issuer.
9. State Limit - No more than fifteen percent of the number of bonds in the Index shall be from within the jurisdictions of the same state, Puerto Rico, or other territorial jurisdictions.
10. Insurance Limit - Each bond may or may not be insured. No more than 40 percent of the number of bonds in the Index shall be insured by Ambac Indemnity Corporation, Financial Guaranty Insurance Corporation, Financial Security Assurance, or MBIA Insurance Corporation.

(b) Index Pricing - FT Interactive Data Corporation shall compute the closing value of the Index each day the municipal bond cash market is open using the following procedures:

1. Component Bond Pricing - FT Interactive Data Corporation shall price each component bond in the Index daily. The price of each component bond shall be defined as FT Interactive Data Corporation's fair market value estimation.

With the exception of the last trading day in the current contract expiration, FT Interactive Data Corporation shall price each component bond:

- at 3:00 p.m. Chicago time (4:00 p.m. New York time) when the underlying cash market is open for normal trading hours and is therefore not subject to an early scheduled halt in cash market trading, or
- at 1:00 p.m. Chicago time (2:00 p.m. New York time) when the underlying cash market is subject to an early scheduled halt in cash market trading.

On the last trading day in the current contract expiration, however, FT Interactive Data Corporation shall price each component bond at 2:00 p.m. Chicago time (3:00 p.m. New York time).

If the Exchange determines in advance that circumstances in the cash market will occasion either an early halt to cash market trading or an otherwise unscheduled holiday which would impede FT Interactive Data Corporation from pricing the component bonds of the Index, the Exchange may suspend or reschedule the pricing for that day provided that such determination is published before the start of trading on the day in question and provided that such day is not the last day of trading in a contract month.

2. Index Computation - FT Interactive Data Corporation shall compute the daily Index value. FT Interactive Data Corporation shall first determine the price of each component bond in the Index. FT Interactive Data Corporation shall then calculate the simple average yield-to-worst of the component bonds by summing the individual yields of the component bonds and dividing by the number of component bonds. The simple average yield-to-worst of the component bonds in the Index shall be rounded to the nearest one-tenth of one basis point and rounded up in the case of a tie. This simple average yield-to-worst will be entered into the pricing algorithm in Regulation 1942.01 to calculate the daily Index value. The daily

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Index value shall be rounded to the nearest one thirty-second of a full point. If the Index value is exactly at the midpoint between two thirty-seconds of a point, the Index value shall be rounded up to the nearest one thirty-second.

With the exception of the last trading day in the current contract expiration, FT Interactive Data Corporation shall compute the daily Index value:

- at 3:00 p.m. Chicago time (4:00 p.m. New York time) when the underlying cash market is open for normal trading hours and is therefore not subject to an early scheduled halt in cash market trading; or
- at 1:00 p.m. Chicago time (2:00 p.m. New York time) when the underlying cash market is subject to an early scheduled halt in cash market trading.

On the final trading day in the current expiration month, FT Interactive Data Corporation will price the component bonds on the Index at 2:00 p.m. Chicago time (3:00 p.m. New York time) and will compute the final settlement value of the Index according to the method as described in the previous paragraph with one exception. Any component bond whose price change from the previous day's close falls outside of one standard deviation of the average price change of all component bonds in the Index will be excluded from the Index for final cash settlement purposes.

- (c) Index Revisions - The Exchange shall revise the Index after 3:00 p.m. Chicago time (4:00 p.m. New York time) on the first business day in the February, May, August and November quarterly cycle. For example, the Index revision for the March futures contract expiration will occur on the first business day in November, the index revision for the June futures contract expiration will occur on the first business day in February, the index revision for the September futures contract expiration will occur on the first business day in May, and the index revision for the December futures contract expiration will occur on the first business day in August. If such day is not an Exchange business day, or is an Exchange business day that is subject to an early halt in cash market trading, the Exchange shall revise the Index shall after 3:00 p.m. Chicago time (4:00 p.m. New York time) on the immediately preceding Exchange business day that is not subject to an early halt in cash market trading. The revised Index will be implemented on the next business day following an Index revision.

The Exchange shall add bonds to the Index as prescribed in Regulation 1950.01(a). The Exchange shall delete bonds from the Index as prescribed in Regulation 1950.01(d).

- (d) Bonds no longer meeting all the original selection criteria shall be deleted from the Index.

At Index revisions, no additions to, or deletions from, the Index will be implemented that would have the effect of violating global Index rules with respect to Issuer, State, or Insurance coverage limits.

In the event that more than 250 bonds meet the eligibility criteria for Index inclusion, as stipulated in Regulation 1950.01(a), the Exchange will increase in increments of \$1 million the required \$50 million principal value for bond eligibility in order to construct an Index that shall be composed of as many bonds as possible without exceeding the 250 bond limit.

The Exchange has final authority over Index composition. (11/01/02)

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Chapter 21  
30-Day Fed Fund Futures  
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Ch21 Trading Conditions

2101.01 Authority - (See Rule 1701.00) (10/01/94)

2102.01 Application of Regulation - Futures transactions in 30-Day Fed Fund futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in 30-Day Fed Fund futures. (10/01/94)

2104.01 Unit of Trading - The unit of trading shall be interest on Fed funds having face value of \$5,000,000 or multiples thereof for one month calculated on a 30-day basis at a rate equal to the average overnight Fed funds rate for the contract month. (10/01/94)

2105.01 Months Traded In - Trading shall be for delivery in the current calendar month, and in the following twenty-four calendar months, and in the March, June, September, and December cycle months for a forty-two month period beginning with the first such cycle month following the last spot month, provided however that the Exchange may determine not to list a contract month. (10/01/94)

2106.01 Price Basis - Prices will be quoted on an index basis, i.e., 100 minus the monthly average overnight Fed funds rate (e.g., a rate of 6.50% is quoted at 93.50). Minimum price fluctuations shall be in increments of one-half of one-hundredth of one percent of five million dollars on a 30 day basis (\$20.835 per one-half basis point), rounded up to the nearest cent. (07/01/99)

2107.01 Hours of Trading - The hours of trading for future delivery in 30-Day Fed Fund futures shall be as determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 2:00 p.m. Chicago time subject to the otherwise applicable provisions of the second paragraph of Rule 1007.00. The market shall be opened and closed for all months simultaneously or in such other manner as the Regulatory Compliance Committee shall direct. (10/01/94)

2109.01 Last Day of Trading - The last day of trading shall be the last business day of the delivery month. (10/01/94)

2109.02 Liquidation During the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased, in accordance with Regulation 2109.01 of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Regulation 2142.01. (10/01/94)

2110.01 Margin Requirements - (See Regulation 431.03). (10/01/94)

2112.01 Position Limits and Reportable Positions - (See Regulation 425.01). (10/01/94)

2113.01 Strip Transactions - A 30-Day Fed Fund futures strip transaction involving the simultaneous purchase or sale of an equal amount of futures contract months at a differential to the previous settlement prices is permitted on this Exchange provided:

1. that each month of the strip is for the same account. Provided that, when an order has been executed in the wrong month, and the erroneous transaction has been placed in the broker's or firm's error account, the error may be corrected by a spread transaction in which one leg of the spread offsets the position in the error account and the other leg is the correct execution of the order. Provided further that the liability of the floor broker or FCM shall be determined in accordance with Regulation 350.04.
2. that all months of the strip are priced at prices within the daily trading limits specified in Regulation 1008.01.
3. that the strip is offered by public outcry in the pit assigned to 30-Day Fed Fund futures.

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4. that the transaction shall be reported, recorded and publicized as a strip.
5. that when such transactions are executed simultaneously, the executing member on each side of the transaction shall designate each part of the trade as a strip on his cards or order by an appropriate word or symbol clearly identifying each part of such transactions.

Brokers may not couple separate orders and execute them as a strip, nor may a broker take one part of a strip for his own account and give the other part to a customer on an order. (10/01/94)

Ch21 Delivery Procedures

2136.01 Standards - The contract grade shall be 100 minus the average daily Fed funds overnight rate for the delivery month. The average daily Fed funds overnight rate is a simple average of the daily Fed funds overnight rates as determined by the Federal Reserve Bank of New York. This simple average will be rounded to the nearest tenth of a basis point and rounded up on the case of a tie.

For days for which the Federal Reserve Bank of New York does not compute a rate (e.g. weekends and holidays), the rate shall be the rate determined on the last business day for which a rate was determined. (08/01/01)

2142.01 Delivery on Futures Contracts - Delivery against 30-Day Fed Fund futures contracts shall be made by cash settlement through the Clearing House following normal variation margin procedures. The final settlement price will be calculated on the business day that the Federal Reserve Bank of New York releases the overnight Fed funds rate for the last day of trading. The final settlement price shall be 100 minus the average daily Fed funds overnight rate for the delivery month. On the last day of trading open contracts will be marked to market based on the closing futures price. A final mark to market will be made on the day the final settlement price is determined. (10/01/94)

2147.02 Payment - (See 1049.04) (10/01/94)

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Chapter 23  
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Ch23 Trading Conditions

2301.00 Authority - (See Rule 1701.00) (10/01/94)

2302.01 Application of Regulation - Futures transactions in short term U.S. Treasury Notes shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in short term U.S. Treasury Notes.

For the purpose of this chapter, the trading day begins with the commencement of trading on Project A at 2:15 p.m. and ends with the close of trading of regular daytime trading. (10/01/98)

2303.01 Emergencies, Acts of God, Acts of Government - If the delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. For example, and without limiting the Board's power, it may extend delivery dates and designate alternative delivery points in the event of conditions interfering with the normal operations of approved facilities.

In the event the Board determines that there exists a shortage of deliverable U.S. Treasury Notes, it may, upon a two-thirds vote under Rule 180.00, take such action as may in the Board's sole discretion appear necessary to prevent, correct or alleviate the condition. Without limiting the foregoing or the authority of the Board under Rule 180.00, the Board may:

- (1) designate as deliverable, U.S. Treasury Bonds or U.S. Treasury Notes otherwise meeting the specifications and requirements stated in this chapter;
- (2) designate as deliverable one or more issues of U.S. Treasury Notes and/or U.S. Treasury Bonds having maturities shorter than one year, nine months or longer than two years and otherwise meeting the specifications and requirements stated in this chapter; and/or
- (3) determine a cash settlement based on the current cash value of a 6% coupon rate, one year nine months to two years U.S. Treasury Note, as determined by using the current market yield curve for U.S. Treasury securities on the last day of trading. (03/01/00)

2304.01 Unit of Trading - The unit of trading shall be United States Treasury Notes having a face value at maturity of two hundred thousand dollars (\$200,000) or multiples thereof. (10/01/94)

2305.01 Months Traded In - Trading in Short-Term U.S. Treasury Notes futures may be scheduled in such months as determined by the Exchange. (03/01/00)

2306.01 Price Basis - Minimum price fluctuations shall be in multiples of one-quarter of one thirty-second (1/32) point per 100 points (\$15.625 rounded up to the nearest 1 cent per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (10/01/94)

Ch 23 Trading Conditions

2307.01 Hours of Trading - The hours of trading for future delivery in short term U.S. Treasury Notes shall be determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 12:00 noon, subject to the provisions of the second paragraph of Rule 1007.00. The market shall be opened and closed for all months simultaneously, or in such other manner as the Regulatory Compliance Committee shall direct. (10/01/94)

2309.01 Last Day of Trading - No trades in short term U.S. Treasury Note futures deliverable in the current month shall be made following the last business day of the calendar month or two business days prior to issuance of two year notes by the U.S. Treasury auctioned in the current month, whichever occurs first, and any contracts remaining open must be settled by delivery or as provided in Regulation 2309.02 after trading in such contract has ceased. (10/01/94)

2309.02 Liquidation after Trading has Ceased - After trading in contracts for future delivery in the current delivery month has ceased in accordance with Regulation 2309.01 of this chapter, outstanding contracts may be liquidated by the delivery of book-entry U.S. Treasury Notes (Regulation 2342.01) or by mutual agreement by means of a bona fide exchange of such current futures for actual U.S. Treasury Notes or comparable instruments. Such exchange must, in any event be made no later than 12:00 p.m. (Chicago time) on the second business day immediately preceding the last business day of the delivery month as defined in Regulation 2346.01. (10/01/94)

## Ch23 Delivery Procedures

2336.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be U.S. Treasury Notes which have an original maturity no greater than five years three months and remaining maturity not less than one year, nine months and not more than two years as defined below. All notes delivered against a contract must be of the same issue. For settlement or for determining remaining maturity for delivery eligibility, the time to maturity of a given issue is calculated in complete one month increments (i.e. 1 year, 10 months, 17 days is taken to be 1 year, 10 months) from the first day of the delivery month. The price at which a note with this time to maturity and with the same coupon rate as this issue will yield 6%, according to bond tables prepared by the Financial Publishing Co. of Boston, Mass., is multiplied by the settlement price to arrive at the amount at which the short invoices the long.

Interest accrued on the notes shall be charged to the long by the short in accordance with Department of the Treasury Circular 300, Subpart P.

New issues of U.S. Treasury Notes which satisfy the standards in this regulation shall be added to the deliverable grade as they are issued. If during the auction of a note which will meet the standards of this chapter the Treasury reopens an existing issue, thus rendering the existing issue indistinguishable from the newly auctioned one, the older issue is deemed to meet the standards of this chapter and would be deliverable. The Exchange shall have the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status. (03/01/00)

2342.01 Deliveries on Futures Contracts - Deliveries against short-term U.S. Treasury Notes futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 2380.01) in accordance with Department of Treasury Circular 300, Subpart 0: Book-Entry Procedure. Delivery must be made no later than the last business day of the month. Notice of intention to deliver shall be given to the Board of Trade Clearing Corporation by 8:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time) on delivery day. The short Clearing Member must have contract grade U.S. Treasury notes at his bank in acceptable (to his bank) delivery form by 10:00 a.m. (Chicago time) on delivery day. The short Clearing Member must notify his bank (Regulation 2380.01) to transfer contract grade U.S. Treasury notes by book-entry to the long Clearing Member's account on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time) and notify his bank (Regulation 2380.01) to accept contract grade U.S. Treasury notes and to remit federal funds to the short Clearing Members' account at the short Clearing Member's bank (Regulation 2380.01) in payment for delivery of the notes. Contract grade U.S. Treasury notes must be transferred and payment must be made before 1:00 p.m. (Chicago time) on delivery day. All deliveries must be assigned by the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it received from its customers who are short. (12/01/99)

2342.02 Wire Failure - In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the long Clearing Member's bank or the short Clearing Member's bank access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. on the next business day on which the Federal Reserve wire is operable. Interest shall accrue to the long paid by the short beginning on the day at which the notes were to be originally delivered.

In the event of such failure, both the long and short must provide documented evidence that the instructions were given to their respective banks in accordance with Regulations 2342.01 and 2349.04 and that all provisions of Regulations of 2342.01 and 2349.04 have been complied with. (10/01/94)

2346.01 Date of Delivery - Delivery of short term U.S. Treasury Notes may be made by the short upon any permissible delivery day of the delivery month the short may select. The delivery month extends to and includes the third business day following the last trading day in the current month. Delivery of short term U.S. Treasury Notes must be made no later than the last business day

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of that month. (11/01/94)

2347.01 Delivery Notices - (See Regulation 1047.01) (10/01/94)

2348.01 Method of Delivery - (See Regulation 1048.01) (10/01/94)

2349.01 Time of Delivery, Payment, Form of Delivery Notice - (See Rule 1049.00) (10/01/94)

2349.02 Buyer's Report of Eligibility to Receive Delivery - (See Regulation 1049.02) (10/01/94)

2349.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers, describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing House by 2:00 p.m., or by such other time designated by the Board of Directors, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing House by 3:00 p.m., or by such other time designated by the Board of Directors. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed, by placing them in buyers' mail boxes provided for that purpose in the Clearing House. (12/01/99)

2349.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payments before 1:00 p.m. on the day of delivery, except on banking holidays when delivery must be taken and payment made before 9:30 a.m. 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 by-laws and resolutions. (10/01/94)

2349.05 Buyers Banking Notification - The long Clearing Member shall provide the short Clearing member by 4:00 p.m. (5:00 p.m. EST) on the day of intention, one business day prior to delivery day, with a Banking Notification. The Banking Notification form will include the following information: the identification number and name of the long Clearing Member; the delivery date; the notification number of the delivery assignment; the identification number and name of the short Clearing Member making delivery; the quantity of the contract being delivered; the long Clearing Member's bank, account number and specific Federal Wire instructions for the transfer of U.S. securities. (10/01/94)

2350.00 Duties of Members - (See Rule 1050.00) (10/01/94)

2350.01 Office Deliveries Prohibited - (See Regulation 1051.01) (10/01/94)

2354.00 Failure to Accept Delivery - (See Rule 1054.00) (10/01/94)

2380.01 Banks - For purposes of these regulations relating to trading in short term U.S. Treasury Notes, the word "Bank" (Regulation 2342.01) shall mean a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and with capital (capital, surplus, and undivided earnings) in excess of one hundred million dollars (\$100,000,000). (10/01/94)



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Long Term T-Notes (6 1/2 -10 Year)  
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2401.00 Authority - (See Rule 1701.00) (10/01/94)

2402.01 Application of Regulations - Futures transactions in long term U.S. Treasury Notes shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in long term U.S. Treasury Notes. (09/01/00)

2403.01 Emergencies, Acts of God, Acts of Government - If the delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. For example, and without limiting the Board's power, it may extend delivery dates and designate alternative delivery points in the event of conditions interfering with the normal operations of approved facilities.

In the event the Board determines that there exists a shortage of deliverable U.S. Treasury Notes, it may, upon a two-thirds vote under Rule 180.00, take such action as may be in the Board's sole discretion appear necessary to prevent, correct or alleviate the condition. Without limiting the foregoing or the authority of the Board under Rule 180.00, the Board may:

- (1) designate as deliverable, callable U.S. Treasury Bonds otherwise meeting the specifications and requirements stated in this chapter;
- (2) designate as deliverable one or more issues of U.S. Treasury Notes and/or U.S. Treasury Bonds having maturities shorter than six and one-half years, or longer than ten years and otherwise meeting the specifications and requirements stated in this chapter; and/or
- (3) determine a cash settlement based on the current cash value of a 6% coupon rate, six and one-half years to ten years U.S. Treasury Note, as determined by using the current market yield curve for U.S. Treasury securities on the last day of trading. (03/01/00)

2404.01 Unit of Trading - The unit of trading shall be United States Treasury Notes having a face value at maturity of one hundred thousand dollars (\$100,000) or multiples thereof. (10/01/94)

2405.01 Months Traded In - Trading in Long-Term U.S. Treasury notes futures may be scheduled in such months as determined by the Exchange. (03/01/00)

2406.01 Price Basis - Minimum price fluctuations shall be in multiples of one-half of one thirty-second (1/32) point per 100 points (\$15.625 per contract) except for intermonth spreads, where minimum price fluctuations shall be in multiples of one-fourth of one thirty-second point per 100 points (\$7.8125 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (02/01/01)

2407.01 Hours of Trading - The hours of trading for future delivery in long term U.S. Treasury Notes shall be determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 12:00 noon subject to the provisions of the second paragraph of Rule 1007.00.

The market shall be opened and closed for all months simultaneously, or in such other manner as the Regulatory Compliance Committee shall direct. (10/01/94)

2409.01 Last Day of Trading - No trades in long term U.S. Treasury Note futures deliverable in the current month shall be made during the last seven business days of that month and any contracts

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remaining open must be settled by delivery or as provided in Regulation 2409.02  
after trading in such contracts has ceased. (10/01/94)

2409.02 Liquidation in the Last Seven Days of Delivery Months - After trading  
in contracts for future delivery in the current delivery month has ceased in  
accordance with Regulation 2409.01 of this chapter, outstanding contracts may be  
liquidated by the delivery of book-entry U.S. Treasury Notes or Bonds  
(Regulation 2442.01) or by mutual agreement by means of a bona fide exchange of  
such current futures for actual U.S. Treasury Notes or Bonds or comparable  
instruments. Such exchange must, in any event, be made no later than the fifth  
business day immediately preceding the last business day of the delivery month.  
(10/01/94)

2412.12 Position Limits and Reportable Positions - (See Regulation 425.01)  
(10/01/94)

2436.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be U.S. Treasury Notes which have an actual maturity of not less than six and one-half years and not more than ten years. All notes delivered against a contract must be of the same issue. For settlement, the time to maturity of a given issue is calculated in complete quarter year increments (i.e. 8 years, 10 months, 17 days is taken to be 8 years, 9 months) from the first day of the delivery month. The price at which a note with this time to maturity and with the same coupon rate as this issue will yield 6%, according to bond tables prepared by the Financial Publishing Co. of Boston, Mass., is multiplied by the settlement price to arrive at the amount at which the short invoices the long.

U.S. Treasury Notes deliverable against futures contracts under these regulations must have semi-annual coupon payments.

Interest accrued on the notes shall be charged to the long by the short in accordance with Department of the Treasury Circular 300, Subpart P.

New issues of U.S. Treasury Notes which satisfy the standards in this regulation shall be added to the deliverable grade as they are issued. If during the auction of a note which will meet the standards of this chapter the Treasury reopens an existing issue, thus rendering the existing issue indistinguishable from the newly auctioned one, the older issue is deemed to meet the standards of this chapter and would be deliverable. The Exchange shall have the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status. (03/01/00)

2442.01 Deliveries of Futures Contracts - Deliveries against long term U.S. Treasury Note futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 2480.01) in accordance with Department of Treasury Circular 300, Subpart O: Book-Entry Procedure. Delivery must be made no later than the last business day of the month. Notice of intention to deliver shall be given to the Board of Trade Clearing Corporation by 8:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time) on delivery day. The short Clearing Member must have contract grade U.S. Treasury notes in place at his bank in acceptable (to his bank) delivery form no later than 10:00 a.m. (Chicago time) on delivery day. The short Clearing Member must notify his bank (Regulation 2480.01) to transfer contract grade U.S. Treasury notes by book-entry to the long Clearing Member's account at the long Clearing Member's bank on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time) and notify his bank (Regulation 2480.01) to accept contract grade U.S. Treasury notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 2480.01) in payment for delivery of the notes. Contract grade U.S. Treasury notes must be transferred and payment must be made before 1:00 p.m. (Chicago time) on delivery day. All deliveries must be assigned by the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it received from its customers who are short. (12/01/99)

2442.02 Wire Failure - In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the long Clearing Member's bank or the short Clearing Member's bank access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. on the next business day on which the Federal Reserve wire is operable. Interest shall accrue to the long paid by the short beginning on the day at which the notes were to be originally delivered.

In the event of such failure, both the long and short must provide documented evidence that the instructions were given to their respective banks in accordance with Regulations 2442.01 and 2449.04 and that all other provisions of Regulations of 2442.01 and 2449.04 have been complied with. (10/01/94)

Ch24 Delivery Procedures

2446.01 Date of Delivery - Delivery of long term U.S. Treasury Notes may be made by the short upon any permissible delivery day of the delivery month the short may select. Delivery of long term U.S. Treasury Notes must be made no later than the last business day of that month. (10/01/94)

2447.01 Delivery Notices - (See Regulation 1047.01) (10/01/94)

2448.01 Method of Delivery - (See Regulation 1048.01) (10/01/94)

2449.00 Time of Delivery, Payment, Form of Delivery Notice - (See Rule 1049.00) (10/01/94)

2449.02 Buyer's Report of Eligibility to Receive Delivery - (See Regulation 1049.02) (10/01/94)

2449.03 Sellers Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing House by 2:00 p.m., or by such other time designated by the Board of Directors, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing House by 3:00 p.m., or by such other time designated by the Board of Directors. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed, by placing them in buyer's mail boxes provided for that purpose in the Clearing House. (12/01/99)

2449.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. on the day of delivery, except on banking holidays when delivery must be taken and payment made before 9:30 a.m. the next 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 by-laws and resolutions. (10/01/94)

2449.05 Buyers Banking Notification - The long Clearing Member shall provide the short Clearing member by 4:00 p.m. (5:00 p.m. EST) on the day of intention, one business day prior to delivery day, with a Banking Notification. The Banking Notification form will include the following information: the identification number and name of the long Clearing Member; the delivery date; the notification number of the delivery assignment; the identification number and name of the short Clearing Member making delivery; the quantity of the contract being delivered; the long Clearing Member's bank, account number and specific Federal Wire instructions for the transfer of U.S. securities. (10/01/94)

Ch24 Regularity of Banks

2480.01 Banks - For purposes of these regulations relating to trading in long term U.S. Treasury Notes, the word "Bank" (Regulation 2442.01) shall mean a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and with capital (capital, surplus and undivided earnings) in excess of one hundred million dollars (\$100,000,000). (10/01/94)

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Chapter m18  
CBOT mini-sized U.S. Treasury Bonds  
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Chm18 Trading Conditions

m1801.01 Authority - Trading in mini-sized long term U.S. Treasury bond futures may be conducted under such terms and conditions as may be prescribed by regulation. (10/01/01)

m1802.01 Application of Regulations - Futures transactions in mini-sized long term U.S. Treasury bonds shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in mini-sized long term U.S. Treasury bonds. (10/01/01)

m1803.01 Derivative Markets - Settlement prices shall be set in accordance with this regulation consistent with the settlement prices of the primary market. Contract settlement prices shall be set equal to the settlement prices of the corresponding contracts of the primary market for such commodity. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, the manager of the clearing house shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement price shall be set at the fair market value of the contract at the close of trading. (10/01/01)

m1804.01 Unit of Trading - The unit of trading shall be United States Treasury bonds having a face value at maturity of fifty thousand dollars (\$50,000) or multiples thereof. (10/01/01)

m1805.01 Months Traded In - (See Regulation 1805.01) (10/01/01)

m1806.01 Price Basis - Minimum price fluctuations shall be in multiples of one thirty-second (1/32) point per 100 points (\$15.625 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (10/01/01)

m1807.01 Hours of Trading - The hours of trading for future delivery in mini-sized U.S. Treasury Bonds shall be determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 12:00 noon, subject to the provisions of Regulation 9B.02. (11/01/01)

m1809.01 Last Day of Trading - (See Regulation 1809.01) (10/01/01)

m1809.02 Liquidation in the Last Seven Days of the Delivery Month - (See Regulation 1809.02) (10/01/01)

m1810.01 Margin Requirements - (See Regulation 431.03) (10/01/01)

m1812.01 Position Limits and Reportable Positions - (See 425.01 and 425.09) (10/01/01)



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- m1849.03 Seller's Invoice to Buyers - (See Regulation 1849.03) (10/01/01)
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- m1854.00 Failure to Accept Delivery - (See Rule 1054.00) (10/01/01)

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CBOT mini-sized Long Term U.S. Treasury Notes  
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Chapter m24

CBOT mini-sized Long Term U.S. Treasury Notes  
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Chm24 Trading Conditions

m2401.01 Authority - Trading in mini-sized long term U.S. Treasury Note futures may be conducted under such terms and conditions as may be prescribed by regulation. (10/01/01)

m2402.01 Application of Regulations - Futures transactions in mini-sized long term U.S. Treasury Notes shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in mini-sized long term U.S. Treasury Notes. (10/01/01)

m2403.01 Emergencies, Acts of God, Acts of Government - (See Regulation 2403.01) (10/01/01)

m2403.02 Derivative Markets - Settlement prices shall be set in accordance with this regulation consistent with the settlement prices of the primary market. Contract settlement prices shall be set equal to the settlement prices of the corresponding contracts of the primary market for such commodity. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, the manager of the clearing house shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement price shall be set at the fair market value of the contract at the close of trading. (10/01/01)

m2404.01 Unit of Trading - The unit of trading shall be United States Treasury Notes having a face value at maturity of fifty thousand dollars (\$50,000) or multiples thereof. (10/01/01)

m2405.01 Months Traded In - (See Regulation 2405.01) (10/01/01)

m2406.01 Price Basis - Minimum price fluctuations shall be in multiples of one-half of one thirty-second (1/32) point per 100 points (\$7.8125 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (10/01/01)

m2407.01 Hours of Trading - The hours of trading for future delivery in mini-sized Long Term U.S. Treasury Notes shall be determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 12:00 noon, subject to the provisions of Regulation 9B.02. (11/01/01)

m2409.01 Last Day of Trading - (See Regulation 2409.01) (10/01/01)

m2409.02 Liquidation in the Last Seven Days of the Delivery Month - (See Regulation 2409.02) (10/01/01)

m2410.01 Margin Requirements - (See Regulation 431.03) (10/01/01)

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Medium Term U.S. Treasury Notes (5 Year)  
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Chapter 25  
Medium Term U.S. Treasury Notes (5 Year)  
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Ch25 Trading Conditions

2501.00 Authority - (See Rule 1701.00) (10/01/94)

2502.01 Application of Regulations - Futures transactions in medium term U.S. Treasury Notes shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in medium term U.S. Treasury Notes. (09/01/00)

2503.01 Emergencies, Acts of God, Acts of Government - If the delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. For example, and without limiting the Board's power, it may extend delivery dates and designate alternative delivery points in the event of conditions interfering with the normal operations of approved facilities.

In the event the Board determines that there exists a shortage of deliverable U.S. Treasury Notes, it may, upon a two-thirds vote under Rule 180.00, take such action as may in the Board's sole discretion appear necessary to prevent, correct or alleviate the condition. Without limiting the foregoing or the authority of the Board under Rule 180.00, the Board may:

- (1) designate as deliverable, U.S. Treasury Bonds otherwise meeting the specifications and requirements stated in this chapter;
- (2) designate as deliverable one or more issues of U.S. Treasury Notes and/or U.S. Treasury Bonds having maturities shorter than four years and two months, or longer than five years and two months and otherwise meeting the specifications and requirements stated in this chapter.
- (3) determine a cash settlement based on the current cash value of a 6% coupon rate, five year U.S. Treasury Note, as determined by using the current cash market yield curve for U.S. Treasury securities on the last day of trading. (03/01/00)

2504.01 Unit of Trading - The unit of trading shall be United States Treasury Notes having a face value at maturity of one hundred thousand dollars (\$100,000) or multiples thereof. (10/01/94)

2505.01 Months Traded In - Trading in Medium-Term U.S. Treasury notes futures may be scheduled in such months as determined by the Exchange. (03/01/00)

2506.01 Price Basis - Minimum price fluctuations shall be in multiples of one-half of one thirty-second (1/32) point per 100 points (\$15.625 rounded up to the nearest 1c per contract) except for intermonth spreads, where minimum price fluctuations shall be in multiples of one-fourth of one thirty-second point per 100 points (\$7.8125 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (02/01/01)

2507.01 Hours of Trading - The hours of trading for future delivery in U.S. Treasury Notes shall be determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 12:00 noon subject to the provisions of the second paragraph of Rule 1007.00. The market shall be opened and closed for all months simultaneously or in such other manner as the Regulatory Compliance Committee shall direct. (10/01/94)

2509.01 Last Day of Trading - No trades in medium term U.S. Treasury Note futures deliverable in the current month shall be made during the last seven business days of that month and any contracts remaining open must be settled by delivery as provided in Regulation 2509.02 after trading in such contracts has ceased. (10/01/94)

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2509.02 Liquidation in the Last Seven Days of the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased in accordance with Regulation 2509.01 of this chapter, outstanding contracts may be liquidated by the delivery of book-entry U.S. Treasury Notes (Regulation 2542.01) or by mutual agreement by means of bona fide exchange of such current futures for actual U.S. Treasury Notes or comparable instruments. Such exchange must, in any event, be made no later than the fifth business day immediately preceding the last business day of the delivery month. (10/01/94)

2510.01 Margin Requirements - (See Regulation 431.03) (10/01/94)

2536.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be U.S. notes which have an original maturity of not more than 5 years three months and which have a remaining maturity of not less than four years and two months as defined below. To be delivered in the current month, the note must have been issued by the Treasury before the last day of trading in the current month. All notes or bonds delivered against a contract must be of the same issue. For settlement, the time to maturity of a given issue is calculated in complete one month increments (i.e. 4 years, 5 months and 14 days is taken to be 4 years and 5 months) from the first day of the delivery month. The price at which a note with this time to maturity and with the same coupon rate as this issue will yield 6%, according to bond tables prepared by the Financial Publishing Co. of Boston, Mass., is multiplied by the settlement price to arrive at the amount which the short invoices the long.

Interest accrued on the notes shall be charged to the long by the short in accordance with Department of the Treasury Circular 300, Subpart P.

New issues of U.S. Treasury Notes which satisfy the standards in this regulation shall be added to the deliverable grade as they are issued. If during the auction of a note which will meet the standards of this chapter the Treasury re-opens an existing issue, thus rendering the existing issue indistinguishable from the newly auctioned one, the older issue is deemed to meet the standards of this chapter and would be deliverable. The Exchange shall have the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status. (03/01/00)

2542.01 Deliveries on Futures Contracts - Deliveries against medium term U.S. Treasury Note futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 2580.01) in accordance with Department of Treasury Circular 300, Subpart O: Book-Entry Procedure. Delivery must be made no later than the last business day of the month. Notice of intention to deliver shall be given to the Board of Trade Clearing Corporation by 8:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time) on delivery day. The short Clearing Member must have contract grade U.S. Treasury notes at his bank in acceptable (to his bank) delivery form by 10:00 a.m. (Chicago time) on delivery day. The short Clearing Member must notify his bank (Regulation 2580.01) to transfer contract grade U.S. Treasury notes by book-entry to the long Clearing Member's account on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time) and notify his bank (Regulation 2580.01) to accept contract grade U.S. Treasury notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 2580.01) in payment for delivery of the notes. Contract grade U.S. Treasury notes must be transferred and payment must be made before 1:00 p.m. (Chicago time) on delivery day. All deliveries must be assigned by the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it received from its customers who are short. (12/01/99)

2542.02 Wire Failure - In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the long Clearing Member's bank or the short Clearing Member's bank access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. on the next business day on which the Federal Reserve wire is operable. Interest shall accrue to the long paid by the short beginning on the day at which the notes were to be originally delivered.

In the event of such failure, both the long and short must provide documented evidence that the instructions were given to their respective banks in accordance with Regulations 2542.01 and 2549.04 and that all other provisions of Regulations of 2542.01 and 2549.04 have been complied with. (10/01/94)

2546.01 Date of Delivery - Delivery of medium term U.S. Treasury Notes may be made by the short upon any permissible delivery day of the delivery month the short may select. Delivery of



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medium term U.S. Treasury Notes must be made no later than the last business day of that month. (10/01/94)

2547.01 Delivery Notices - (See Regulation 1047.01) (10/01/94)

2548.01 Method of Delivery - (See Regulation 1048.01) (10/01/94)

2549.00 Time of Delivery, Payment, Form of Delivery Notice - (See Rule 1049.00) (10/01/94)

2549.02 Buyer's Report of Eligibility to Receive Delivery - (See Regulation 1049.02) (10/01/94)

2549.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers, describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing House by 2:00 p.m., or by such other time designated by the Board of Directors, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing House by 3:00 p.m., or by such other time designated by the Board of Directors. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed, by placing them in buyer's mail boxes provided for that purpose in the Clearing House. (12/01/99)

2549.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. on the day of delivery, except on banking holidays when delivery must be taken and payment made before 9:30 a.m. 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 by-laws and resolutions. (10/01/94)

2549.05 Buyers Banking Notification - The long Clearing Member shall provide the short Clearing member by 4:00 p.m. (5:00 p.m. EST) on the day of intention, one business day prior to delivery day, with a Banking Notification. The Banking Notification form will include the following information: the identification number and name of the long Clearing Member; the delivery date; the notification number of the delivery assignment; the identification number and name of the short Clearing Member making delivery; the quantity of the contract being delivered; the long Clearing Member's bank, account number and specific Federal Wire instructions for the transfer of U.S. securities. (10/01/94)

2550.00 Duties of Members - (See Rule 1050.00) (10/01/94)

2551.01 Office Deliveries Prohibited - (See Regulation 1051.01) (10/01/94)

2554.00 Failure to Accept Delivery - (See Rule 1054.00) (10/01/94)

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Chapter 26  
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Ch26 Trading Conditions

2601.01 Authority - Trading in mini-sized Eurodollar futures may be conducted under such terms and conditions as may be prescribed by regulation. (12/01/01)

2602.01 Application of Regulations - Futures transactions in mini-sized Eurodollars shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in mini-sized Eurodollars. (12/01/01)

2603.01 Derivative Markets - Settlement prices shall be set in accordance with this regulation consistent with the settlement prices of the primary market. Contract settlement prices therein shall be set equal to the settlement prices of the corresponding contracts of the primary market for such commodity. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, the manager of the clearing house shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement price shall be set at the fair market value of the contract at the close of trading. (12/01/01)

2604.01 Unit of Trading - The unit of trading shall be three-month Eurodollar time deposits in the amount of \$500,000. (12/01/01)

2605.01 Months Traded In - Trading in mini-sized Eurodollars futures may be scheduled in such months as determined by the Exchange. (12/01/01)

2606.01 Price Basis - Minimum price fluctuations shall be one-half of one basis point (0.005) of \$500,000 on a 90-day basis, or \$6.25 per contract. Prices shall be quoted in terms of an index consisting of the difference between the number 100.00 and the three-month Eurodollar yield on an annual basis for a 360-day year. (For example, a deposit rate of 4.50 percent shall be quoted as 95.50.) Contracts shall not be made on any other price basis. (12/01/01)

2607.01 Hours of Trading - The hours of trading for future delivery in mini-sized Eurodollar futures shall be determined by the Exchange. (12/01/01)

2609.01 Last Day of Trading The last day of trading in Eurodollar futures contracts, deliverable in the current month, shall be the second London bank business day immediately preceding the third Wednesday of the contract month. On the last day of trading in an expiring future, the closing time for such future shall be 11:00 a.m. (London time)\*, subject to the provisions of Regulation 9B.02. (12/01/01)

\*This is 5:00 a.m. (Chicago time) except when Daylight Saving Time is in effect in either, but not both, London or Chicago.

2610.01 Margin Requirements - (See Regulation 431.03) (12/01/01)

2612.01 Position Limits and Reportable Positions - (See Regulation 425.01) (12/01/01)

Ch26 Delivery Procedures

2636.01 Standards - Each contract which is not offset prior to the expiration of trading shall be offset with the clearing house on the second London bank business day immediately preceding the third Wednesday of the contract month at a settlement price established by the International Monetary Market for settlement of its corresponding expiring Three-Month Eurodollar Time Deposits futures contract. If the foregoing date for cash settlement is an Exchange holiday, each contract which is not offset prior to the expiration of trading shall be offset with the clearing house on the next succeeding Exchange business day. (12/01/01)

2642.01 Deliveries of Futures Contracts - Deliveries against mini-sized Eurodollar futures contracts must be made through the Clearing Corporation. Delivery under these regulations shall be made on settlement day and shall be accomplished by cash settlement as hereinafter provided.

The Clearing Corporation will advise clearing members holding open positions in mini-sized Eurodollar futures contracts deliverable in the current month of the final settlement price established for that month, as soon as practicable on settlement day. Clearing members shall then make payment to and receive payment through the Clearing Corporation in accordance with normal variation settlement procedures, based on the settlement price. (12/01/01)

2647.01 Payment - (See Regulation 1049.04) (12/01/01)

Ch25 Regularity of Banks

2580.01 Banks - For purposes of these regulations relating to trading in U.S. Treasury notes, the word "Bank" (Regulation 2542.01) shall mean a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and with capital (capital, surplus, and undivided earnings) in excess of one hundred million dollars (\$100,000,000). (10/01/94)

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Chapter 27A (Standard Options)  
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Ch27A Trading Conditions

A2701.00 Authority - (See Rule 2801.00) (10/01/94)

A2701.01 Application of Regulations - Transactions in put and call options on Long Term Treasury Note futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Long Term Treasury Note futures contracts. (See Rule 490.00) (09/01/00)

A2702.01 Nature of Long Term Treasury Note Futures Put Options - The buyer of one (1) Long Term Treasury Note futures put option may exercise his option at any time prior to expiration (subject to Regulation 2707.01), to assume a short position in one (1) Long Term Treasury Note futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Long Term Treasury Note futures put option incurs the obligation of assuming a long position in one (1) Long Term Treasury Note futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

A2702.02 Nature of Long Term Treasury Note Futures Call Options - The buyer of one (1) Long Term Treasury Note futures call option may exercise his option at any time prior to expiration (subject to Regulation 2707.01), to assume a long position in one (1) Long Term Treasury Note futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Long Term Treasury Note futures call option incurs the obligation of assuming a short position in one (1) Long Term Treasury Note futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

A2703.01 Trading Unit - One (1) \$100,000 face value Long Term Treasury Note futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

A2704.01 Striking Prices - Trading shall be conducted for put and call options with striking prices in integral multiples of one (1) point per Long Term Treasury Note futures contract. At the commencement of trading for such option contracts, the following strike prices shall be listed: one with a striking price closest to the previous day's settlement price on the underlying Long Term Treasury Note futures contract, and the next fifteen consecutive higher and the next fifteen consecutive lower striking prices closest to the previous day's settlement price; and all strike prices listed for all other option contract months listed at the time. If the previous day's settlement price is midway between two striking prices, the closest price shall be the larger of the two. When a sale in the underlying Long Term Treasury Note futures contract occurs at a price greater than or equal to the fifteenth largest striking price, a new striking price one increment higher than the existing striking prices will be added. When a sale in the underlying Long Term Treasury Note futures contract occurs at a price less than or equal to the fifteenth smallest striking price, a new striking price one increment lower than the existing striking prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all option contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions. (01/01/99)

A2705.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

A2706.01 Option Premium Basis - The Premium for Long Term Treasury Note futures options

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shall be in multiples of one sixty-fourth (1/64) of one percent (1%) of a \$100,000 Long Term Treasury Note futures contract which shall equal \$15.63 per 1/64 and \$1,000 per full point.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract.

If options are quoted in volatility terms, the minimum fluctuation shall be .10 percent (i.e.-10.0%, 10.1%, 10.2%, etc.) (10/01/94)

A2707.01 Exercise of Option - The buyer of a Long Term Treasury Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A2707.02 Automatic Exercise - Notwithstanding the provisions of Regulation 2707.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A2708.01 Expiration of Option - Unexercised Long Term Treasury Note futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

A2709.01 Months Traded In - Trading may be conducted in Long Term Treasury Note futures options for a thirty six month period extending from the nearby contract month, provided however, that the Exchange may determine not to list a contract month. Both serial and quarterly options may be listed to expire into either front-month or deferred futures as determined by the Board. (06/01/99)

A2710.01 Trading Hours - The hours of trading of options on Long Term Treasury Note futures contracts shall be determined by the Board. On the last day of trading in an expiring option the closing time for such option shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Long Term Treasury Note futures contract, subject to the provisions of the second paragraph of Rule 1007.00. Long Term Treasury Note futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (04/01/00)

A2711.01 Position Limits and Reportable Positions - (See Regulation 425.01) (10/01/00)

A2712.01 Margin Requirements - (See Regulation 431.05) (10/01/94)

A2713.01 Last Day of Trading - No trades in Long Term Treasury Note futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Long Term Treasury Note futures contract, on the last Friday which precedes by at least two [five] business days, the last business day of the month preceding the

option month. If such Friday is not a business day, or there is a Friday which is not a business day which precedes by one business day the last business day

of the month preceding the option month, the last day of trading shall be the business day prior to such Friday. (07/01/01)



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Long Term Treasury Note Flexible Options  
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Chapter 27B (Flexible Options)  
Long Term Treasury Note Flexible Options  
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Note: The following Flexible option regulations with the exception noted in the second paragraph of Regulation 2702.03 supersede the corresponding standard regulations presented in Part A of this chapter. Regulations 2701.00, 2701.01, 2702.01, 2702.02, 2705.01, 2706.01, 2710.01, 2711.01, 2712.01, and 2714.01 remain in effect for both standard and Flexible options.

Ch27B Trading Conditions

B2702.03 Nature of Flexible Options - Flexible options on Long Term Treasury Note futures shall be permitted in puts and calls which do not have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options.

However, Flexible Options on Long Term Treasury Note futures shall also be permitted in puts and calls which have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options that are not at the time listed for trading in the standard options pit or on e-cbot. All Flexible Option regulations except 2707.01, 2707.02, 2708.01, and 2713.01 will pertain for these options.\*

Trading shall be permitted in any CBOT recognized option/option or option/futures spread involving puts, calls or futures. (09/01/00)

B2703.01 Trading Unit - The minimum size for requesting a quote and/or trading in a flexible option series is 50 contracts, where each contract represents one of the underlying futures contracts at the Chicago Board of Trade. Parties may request a quote and/or trade for less than 50 contracts in order to entirely close out a position in a flexible series.

For a flexible options series, respondents to a request for quote, must be willing to trade at least 50 contracts, with the exception that a respondent may trade less than 50 contracts if the respondent is entirely closing out a position in the series. (07/01/99)

B2704.01 Strike Prices - Strike prices for flexible options must be specified in points and 32nd's of points per Long Term Treasury Note futures contract. However, for a Request for Quote (RFQ), strike prices may be specified in one 32nd point increments relative to the underlying futures contract. Strike prices cannot be outside the range of the currently listed strike prices for standard options. (06/01/95)

B2707.01 Exercise of Flexible Options - Notification of the intent to exercise a flexible option must be received by the Clearing Corporation by 4:10 p.m. Chicago time, or by such other time designated by the Board of Directors. No exceptions to the 4:10 p.m. exercise deadline, or such other deadline designated by the Board of Directors, shall be permitted.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2702.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B2707.02 Automatic Exercise - After the close on the last day of trading, all in-the-money flexible options will be automatically exercised unless notice to cancel automatic exercise is given to the Clearing Corporation by 4:10 p.m., or by such other time designated by the Board of Directors, on that day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2702.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B2708.01 Expiration Date - Flexible option expiration may be specified for any Monday through Friday that is not an Exchange holiday except that expiration may not occur following the last Friday that precedes by at least two business days the last business day of the calendar month preceding the underlying future contract month. Flexible options expire at 4:30 p.m. on the last trading

day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2702.03 will follow expiration and exercise procedures as specified in the standard option regulations. (04/01/00) (07/01/01)

B2709.01 Months Traded In - Trading may be conducted in flexible options in any month up through the most distant underlying futures contract in which a trade has occurred. (05/01/94)

B2713.01 Last Day of Trading - The last day of trading in a flexible option shall be the expiration day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2702.03 will follow expiration and exercise procedures as specified in the standard option regulations. (05/01/94)

B2715.01 Exercise Style - Flexible options may be American or European exercise style. (10/01/94)

B2716.01 Underlying Futures Contract for Flexible Options - The underlying futures contract for a flexible option shall be the same as the underlying futures contract month of the nearest March quarterly cycle standard futures option expiring on or after the expiration of the flexible option. (10/01/94)

B2717.01 Initiating a Flexible Option Contract Series - The opening of trading in any flexible option series shall occur through the submission of an RFQ or at such time that a trade takes place in the particular flexible option series. If so desired, participants can submit additional RFQ's for any open series. However, in this situation no priority period (Regulation 2719.01) will exist. (02/01/01)

B2719.01 RFQ Trading Interval - If the submitter of the first RFQ of the day in a flexible series requests either a bid or an offer but not both, then they shall have up to a one minute priority period during which they shall have the sole right to either buy or sell as specified in their RFQ. The exact length of the priority period shall be determined by the Exchange.

If more than one RFQ is the first RFQ of the day in a flexible series, all the RFQ's individually ask for either a bid or an offer but not both, and all the RFQ's collectively are for the same side of the market (all bids or all offers) then the submitters shall jointly share priority during the priority period.

Priority for RFQ's is determined by submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally. (02/01/01)

B2720.01 Expiration of an RFQ - Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session. Trading in a given flexible option series following a transaction in that series shall remain open through the remainder of the trading session in which the transaction was executed and through each subsequent session in which there is open interest in the flexible option series. (02/01/01)

B2721.01 Reporting of Flexible Option Trades - It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the flexible pit reporter in a timely manner, including any later trades in open flexible contract term series. (10/01/94)

\* The effect of the second paragraph of Regulation 2702.03 is to permit trading in standard options under certain Flexible trading procedures prior to the listing of such options in the standard options pit or on e-cbot. Once and if these options are listed for trading in the standard options pit or on e-cbot, they will be traded only in the standard options pit or on e-cbot subject to standard options trading requirements. Upon such listing, all existing open positions established under Flexible trading procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

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A2801.00 Authority - Trading in put and call options on futures contracts and on commodities may be conducted under such terms and conditions as may be prescribed by regulation. (10/01/94).

A2801.01 Application of Regulations - Transactions in put and call options on U.S. Treasury Bond futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on U.S. Treasury Bond futures contracts. (See Rule 490.00) (09/01/00)

A2802.01 Nature of U.S. Treasury Bond Futures Put Options - The buyer of one (1) U.S. Treasury Bond futures put option may exercise his option at any time prior to expiration (subject to Regulation 2807.01), to assume a short position in one (1) U.S. Treasury Bond futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) U.S. Treasury Bond futures put option incurs the obligation of assuming a long position in one (1) U.S. Treasury Bond futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

A2802.02 Nature of U.S. Treasury Bond Futures Call Options - The buyer of one (1) U.S. Treasury Bond futures call option may exercise his option at any time prior to expiration (subject to Regulation 2807.01), to assume a long position in one (1) U.S. Treasury Bond futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) U.S. Treasury Bond futures call option incurs the obligation of assuming a short position in one (1) U.S. Treasury Bond futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

A2803.01 Trading Unit - One (1) \$100,000 face value U.S. Treasury Bond futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

A2804.01 Striking Prices - Trading shall be conducted for put and call options with striking prices in integral multiples of two (2) points and one (1) point per U.S. Treasury Bond futures contract as follows: At the commencement of trading for quarterly expirations the following strike prices in two point intervals shall be listed: one with a striking price closest to the previous day's settlement price on the underlying U.S. Treasury Bond futures contract, the next fifteen consecutive higher and the next fifteen consecutive lower striking prices closest to the previous day's settlement price; and all two point strike prices listed for all other option contract months listed at the time. If the previous day's settlement price is midway between two striking prices, the closest striking price shall be the larger of the two. Over time new two point striking prices will be added to ensure that at least fifteen two point striking prices always exist above and below the previous day's trading range in the underlying futures. When a new two point strike price is added for an option contract month, the same strike price will be added to all option contract months for which that strike price is not already listed. At the commencement of trading for a non-quarterly expiration and for a quarterly expiration on the day they become the second deferred month, the following striking prices in one point intervals shall be listed: one with a striking price closest to the U.S. Treasury Bond futures contract's previous day's settlement price, the next thirty consecutive higher and lower striking prices in one point intervals and all other striking prices in two point intervals that exist for other option contract months. Over time, new one point striking prices will be added to ensure that at least thirty one point striking prices always exist above and below the previous day's trading range in the underlying futures. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions. (09/01/00)

A2805.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time

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that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

A2806.01 Option Premium Basis - The Premium for U.S. Treasury Bond futures options shall be in multiples of one sixty-fourth (1/64) of one percent (1%) of a \$100,000 U.S. Treasury Bond futures contract which shall equal \$15.63 per 1/64 and \$1,000 per full point.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract.

If options are quoted in volatility terms, the minimum fluctuation shall be .10 percent (i.e.-10.0%, 10.1%, 10.2%, etc.) (10/01/94)

A2807.01 Exercise of Option - The buyer of a U.S. Treasury Bond futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A2807.02 Automatic Exercise - Notwithstanding the provisions of Regulation 2807.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A2808.01 Expiration of Option- Unexercised U.S. Treasury Bond futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

A2809.01 Months Traded In - Trading may be conducted in U.S. Treasury Bond futures options for a thirty-six month period extending from the nearby contract month, provided however, that the Exchange may determine not to list a contract month. Both serial and quarterly options may be listed to expire into either front-month or deferred futures as determined by the Board (06/01/99)

A2801.01 Trading Hours - The hours of trading of options in U.S. Treasury Bond futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding U.S. Treasury Bond futures contracts, subject to the provisions of the second paragraph of Rule 1007.00. U.S. Treasury Bond futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regular Compliance Committee shall direct. (04/01/00) A28011.01 Position Limits and Reportable Positions - (See Regulation 425.01) (10/01/00)

A2812.01 Margin Requirements - (See Regulation 431.05) (10/01/94)

A2813.01 Last Day of Trading - No trades in U.S. Treasury Bond futures options expiring in the current month shall be made after the close of the Regular Daytime open outcry trading session for the corresponding U.S. Trading Bond futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If

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such Friday is not a business day, or there is a Friday which is not a business day which precedes by one business day the last business day of the month preceding the option month, the last day of trading shall be the business day prior to such Friday. (07/01/01)



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Note: The following Flexible option regulations with the exception noted in the second paragraph of Regulation 2802.03 supersede the corresponding standard regulations presented in Part A of this chapter. Regulations 2801.00, 2801.01, 2802.01, 2802.02, 2805.01, 2806.01, 2810.01, 2811.01, 2812.01, and 2814.01 remain in effect for both standard and Flexible options.

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B2802.03 Nature of Flexible Options - Flexible options on U.S. Treasury Bond futures shall be permitted in puts and calls which do not have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options.

However, Flexible Options on U.S. Treasury Bond futures shall also be permitted in puts and calls which have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options that are not at the time listed for trading in the standard options pit or on e-cbot. All Flexible Option regulations except 2807.01, 2807.02, 2808.01, and 2813.01 will pertain for these options.\*

Trading shall be permitted in any CBOT recognized option/option or option/futures spread involving puts, calls or futures. (09/01/00)

B2803.01 Trading Unit - The minimum size for requesting a quote and/or trading in a flexible option series is 50 contracts, where each contract represents one of the underlying futures contracts at the Chicago Board of Trade. Parties may request a quote and/or trade for less than 50 contracts in order to entirely close out a position in a flexible series.

For a flexible options series, respondents to a request for quote, must be willing to trade at least 50 contracts, with the exception that a respondent may trade less than 50 contracts if the respondent is entirely closing out a position in the series. (07/01/99)

B2804.01 Strike Prices - Strike prices for flexible options must be specified in points and 32nd's of points per U.S. Treasury Bond futures contract. However, for a Request for Quote (RFQ), strike prices may be specified in one 32nd point increments relative to the underlying futures contract. Strike prices cannot be outside the range of the currently listed strike prices for standard options. (06/01/95)

B2807.01 Exercise of Flexible Options - Notification of the intent to exercise a flexible option must be received by the Clearing Corporation by 4:10 p.m. Chicago time, or by such other time designated by the Board of Directors. No exceptions to the 4:10 p.m. exercise deadline, or such other deadline designated by the Board of Directors, shall be permitted.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2802.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B2807.02 Automatic Exercise - After the close on the last day of trading, all in-the-money flexible options will be automatically exercised unless notice to cancel automatic exercise is given to the Clearing Corporation by 4:10 p.m., or by such other time designated by the Board of Directors, on that day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2802.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B2808.01 Expiration Date - Flexible option expiration may be specified for any Monday through Friday that is not an Exchange holiday except that expiration may not occur following the last Friday that precedes by at least two business days the last business day of the calendar month preceding the underlying future contract month. Flexible options expire at 4:30 p.m. on the last trading

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day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2902.03 will follow expiration and exercise procedures as specified in the standard option regulations. (07/01/01)

B2809.01 Months Traded In - Trading may be conducted in flexible options in any month up through the most distant underlying futures contract in which a trade has occurred. (10/01/94)

B2813.01 Last Day of Trading - The last day of trading in a flexible option shall be the expiration day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2802.03 will follow expiration and exercise procedures as specified in the standard option regulations. (05/01/94)

B2815.01 Exercise Style - Flexible options may be American or European exercise style. (10/01/94)

B2816.01 Underlying Futures Contract for Flexible Options - The underlying futures contract for a flexible option shall be the same as the underlying futures contract month of the nearest March quarterly cycle standard futures option expiring on or after the expiration of the flexible option. (10/01/94)

B2817.01 Initiating a Flexible Option Contract Series - The opening of trading in any flexible option series shall occur through the submission of an RFQ or at such time that a trade takes place in the particular flexible option series.

If so desired, participants can submit additional RFQ's for any open series. However, in this situation no priority period (Regulation 2819.01) will exist. (02/01/01)

B2819.01 RFQ Trading Interval - If the submitter of the first RFQ of the day in a flexible series requests either a bid or an offer but not both, then they shall have up to a one minute priority period during which they shall have the sole right to either buy or sell as specified in their RFQ. The exact length of the priority period shall be determined by the Exchange.

If more than one RFQ is the first RFQ of the day in a flexible series, all the RFQ's individually ask for either a bid or an offer but not both, and all the RFQ's collectively are for the same side of the market (all bids or all offers) then the submitters shall jointly share priority during the period.

Priority for RFQ's is determined by submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally. (02/01/01)

B2820.01 Expiration of an RFQ - Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session. Trading in a given flexible option series following a transaction in that series shall remain open through the remainder of the trading session in which the transaction was executed and through each subsequent session in which there is open interest in the flexible option series. (02/01/01)

B2821.01 Reporting of Flexible Option Trades - It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the flexible pit reporter in a timely manner,

including any later trades in open flexible contract term series. (10/01/94)

\* The effect of the second paragraph of Regulation 2802.03 is to permit trading in standard options under certain Flexible trading procedures prior to the listing of such options in the standard options pit or e-cbot. Once and if these options are listed for trading in the standard options pit or on e-cbot, they will be traded only in the standard options pit or on e-cbot subject to standard options trading requirements. Upon such listing, all existing open positions established under Flexible trading procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

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2901.00 Authority - (See Rule 2801.00). (10/01/94)

2901.01 Application of Regulations - Transactions in put and call options on Soybean futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Soybean futures contracts. (See Rule 490.00). (10/01/94)

2902.01 Nature of Soybean Futures Put Options - The buyer of one (1) Soybean futures put option may exercise his option at any time prior to expiration, (subject to Regulation 2907.01), to assume a short position in one (1) Soybean futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Soybean futures put option incurs the obligation of assuming a long position in one (1) Soybean futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

2902.02 Nature of Soybean Futures Call Options - The buyer of one (1) Soybean futures call option may exercise his option at any time prior to expiration, (subject to Regulation 2907.01), to assume a long position in one (1) Soybean futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Soybean futures call option incurs the obligation of assuming a short position in one (1) Soybean futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

2903.01 Trading Unit - One (1) 5,000 bushel Soybean futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

2904.01 Striking Prices - Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of ten (10) cents per bushel per Soybean futures contract (i.e., 6.10, 6.20, 6.30, etc) in integral multiples of twenty (20) cents per bushel per Soybean futures contract (i.e., 6.20, 6.40, 6.60, etc.) and in integral multiples of forty (40) cents per bushel per Soybean futures contract (i.e., 6.00, 6.40, 6.80, etc.) as follows:

1. a. In integral multiples of twenty cents, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Soybean futures contract, the next five consecutive higher and the next five consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
- b. In integral multiples of forty cents, at the commencement of trading for an option contract, the following strikes shall be listed: the next four consecutive strikes above the initial band.
- c. In integral multiples of twenty cents, over time, strikes shall be added as necessary to ensure that all strikes within \$1.10 of the previous day's trading range of the underlying futures contract are listed (the "minimum band").
- d. In integral multiples of forty cents, over time, strikes shall be added as necessary to ensure that the next four consecutive strikes above the minimum band are listed.
- e. No new strikes may be added by these procedures in the month in which an option expires.
2. a. In integral multiples of ten cents, at the commencement of trading for options that are traded in months in which Soybean futures are not traded, and for standard option months, the business day they become the second deferred month, the following strike prices shall be listed: one with a strike closest to the previous day's settlement price of the underlying Soybean futures contract and the next five consecutive higher and the next five consecutive

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lower strikes. For example, ten-cent strike price intervals for the September 2000 contract month would be added on June 26, which is the business day after the expiration of the July contract month.

- b. Over time, new ten-cent strike prices will be added to ensure that at least five strike prices exist above and below the previous day's trading range in the underlying futures.
3. a. In integral multiples of forty cents, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading. However, no new strikes may be added by this procedure to an option month unless open positions exist in that contract month.  
b. In integral multiples of twenty cents, during the month in which an option expires, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading.
4. All strikes will be listed prior to the opening of trading on the following business day. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. (09/01/00)

2905.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

2906.01 Option Premium Basis - The premium for Soybean futures options shall be in multiples of one-eighth (1/8) of one cent per bushel of a 5,000 bushel Soybean futures contract which shall equal \$6.25 per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$6.00 in \$1.00 increments per option contract. (10/01/94)

2907.01 Exercise of Option - The buyer of a Soybean futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

2907.02 Automatic Exercise - Notwithstanding the provisions of Regulation 2907.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

2908.01 Expiration of Option - Unexercised Soybean futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

2909.01 Months Traded - Trading may be conducted in the nearby Soybean futures options

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contract month plus any succeeding months, provided however, that the Exchange may determine not to list a contract month. For options that are traded in months in which Soybean futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract. (09/01/00)

2910.01 Trading Hours - The hours of trading of options on Soybean futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Soybean futures contract, subject to the provisions of the second paragraph of Rule 1007.00. On the last day of trading in an expiring option, the expiring Soybean futures options shall be closed with a public call made striking price by striking price, conducted by such persons as the Regulatory Compliance Committee shall direct. On all other days, Soybean futures options shall be opened and closed for all months and striking prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (03/01/00)

2911.01 Position Limits and Reportable Positions - (See Regulation 425.01) (10/01/00)

2912.01 Margin Requirements - (See Regulation 431.05) (10/01/94)

2913.01 Last Day of Trading - No trades in Soybean futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Soybean futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. (07/01/01)

2914.01 Option Premium Fluctuation Limits -Trading is prohibited during any day except for the last day of trading in a Soybean futures option at a premium of more than the trading limit for the Soybean futures contract above and below the previous day's settlement premium for that option as determined by the Clearing Corporation. On the first day of trading, limits shall be set from the lowest premium of the opening range. (10/01/94)

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3001.00 Authority - (See Rule 2801.00). (10/01/94)

3001.01 Application of Regulations - Transactions in put and call options on Corn futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Corn futures contracts. (See Rule 490.00). (10/01/94)

3002.01 Nature of Corn Futures Put Options - The buyer of one (1) Corn futures put option may exercise his option at any time prior to expiration, (subject to Regulation 3007.01), to assume a short position in one (1) Corn futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Corn futures put option incurs the obligation of assuming a long position in one (1) Corn futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

3002.02 Nature of Corn Futures Call Options - The buyer of one (1) Corn futures call option may exercise his option at any time prior to expiration, (subject to Regulation 3007.01), to assume a long position in one (1) Corn futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Corn futures call option incurs the obligation of assuming a short position in one (1) Corn futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

3003.01 Trading Unit - One (1) 5,000 bushel Corn futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

3004.01 Striking Prices - Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of five (5) cents per bushel per Corn futures contract (i.e., 2.55, 2.60, 2.65, etc.), in integral multiples of ten (10) cents per bushel per Corn futures contract (i.e., 2.50, 2.60, 2.70, etc.) and in integral multiples of twenty (20) cents per bushel per Corn futures contract (i.e., 2.80, 3.00, 3.20, etc.) as follows:

1. a. In integral multiples of ten cents, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Corn futures contract, the next five consecutive higher and the next five consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
  - b. In integral multiples of twenty cents, at the commencement of trading for an option contract, the following strikes shall be listed: the next four consecutive strikes above the initial band.
  - c. In integral multiples of ten cents, over time, strikes shall be added as necessary to ensure that all strikes within 55 cents of the previous day's trading range of the underlying futures contract are listed (the "minimum band").
  - d. In integral multiples of twenty cents, over time, strikes shall be added as necessary to ensure that the next four consecutive strikes above the minimum band are listed.
  - e. No new strikes may be added by these procedures in the month in which an option expires.
2. a. In integral multiples of five cents, at the commencement of trading for options that are traded in months in which Corn futures are not traded, and for standard option months, the business day they become the second deferred month, the following strike prices shall be listed: one with a strike closest to the previous day's settlement price of the underlying Corn futures contract and the next five consecutive higher and the next five consecutive lower strikes. For example, five-cent strike price intervals for the September 2000 contract month would be added on June 26, which is the business day after the expiration of the July

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contract month.

- b. Over time, new-five cent strike prices will be added to ensure that at least five strike prices exist above and below the previous day's trading range in the underlying futures.
3. a. In integral multiples of twenty cents, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading. However, no new strikes may be added by this procedure to an option month unless open positions exist in that contract month.
- b. In integral multiples of ten cents, during the month in which an option expires, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading.
4. All strikes will be listed prior to the opening of trading on the following business day. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. (09/01/00)

3005.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

3006.01 Option Premium Basis - The premium for Corn futures options shall be in multiples of one-eighth (1/8) of one cent per bushel of a 5,000 bushel Corn futures contract which shall equal \$6.25 per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$6.00 in \$1.00 increments per option contract. (10/01/94)

3007.01 Exercise of Option - The buyer of a Corn futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3007.02 Automatic Exercise - Notwithstanding the provisions of Regulation 3007.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3008.01 Expiration of Option - Unexercised Corn futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

3009.01 Months Traded - Trading may be conducted in the nearby Corn futures options contract

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month plus any succeeding months, provided however, that the Exchange may determine not to list a contract month. For options that are traded in months in which Corn futures are not trading underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract. (09/01/00)

3010.01 Trading Hours - The hours of trading of options on Corn futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as close of trading of the Regular Daytime open outcry trading session for the corresponding Corn futures contract, subject to the provisions of the second paragraph of Rule 1007.00. On the last day of trading in an expiring option, the expiring Corn futures options shall be closed with a public call made striking price by striking price, conducted by such persons as the Regulatory Compliance Committee shall direct. On all other days, Corn futures options shall be opened and closed for all months and striking prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (03/01/00)

3011.01 Position Limits - (See Regulation 425.01) (10/01/00)

3012.01 Margin Requirements - (See Regulation 431.05) (10/01/94)

3013.01 Last Day of Trading - No trades in Corn futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Corn futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. (07/01/01)

3014.01 Option Premium Fluctuation Limits - Trading is prohibited during any day except for the last day of trading in a Corn futures option at a premium of more than the trading limit for the Corn futures contract above and below the previous day's settlement premium for that option as determined by the Clearing Corporation. On the first day of trading, limits shall be set from the lowest premium of the opening range. (10/01/94)

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3101.00 Authority - (See Rule 2801.00). (10/01/94)

3101.01 Application of Regulations - Transactions in put and call options on Wheat futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Wheat futures contracts. (See Rule 490.00). (10/01/94)

3102.01 Nature of Wheat Futures Put Options - The buyer of one (1) Wheat futures put option may exercise his option at any time prior to expiration, (subject to Regulation 3107.01), to assume a short position in one (1) Wheat futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Wheat futures put option incurs the obligation of assuming a long position in one (1) Wheat futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

3102.02 Nature of Wheat Futures Call Options - The buyer of one (1) Wheat futures call option may exercise his option at any time prior to expiration, (subject to Regulation 3107.01), to assume a long position in one (1) Wheat futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Wheat futures call option incurs the obligation of assuming a short position in one (1) Wheat futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

3103.01 Trading Unit - One (1) 5,000 bushel Wheat futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

3104.01 Striking Prices - Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of five (5) cents per bushel per Wheat futures contract (i.e. 3.70, 3.75, 3.80, etc.), in integral multiples of ten (10) cents per bushel per Wheat futures contract (i.e., 3.70, 3.80, 3.90, etc.) and in integral multiples of twenty (20) cents per bushel per Wheat futures contract (i.e., 4.00, 4.20, 4.40, etc.) as follows:

1. a. In integral multiples of ten cents, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Wheat futures contract, the next five consecutive higher and the next five consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
  - b. In integral multiples of twenty cents, at the commencement of trading for an option contract, the following strikes shall be listed: the next four consecutive strikes above the initial band.
  - c. In integral multiples of ten cents, over time, strikes shall be added as necessary to ensure that all strikes within 55 cents of the previous day's trading range of the underlying futures contract are listed (the "minimum band").
  - d. In integral multiples of twenty cents, over time, strikes shall be added as necessary to ensure that the next four consecutive strikes above the minimum band are listed.
  - e. No new strikes may be added by these procedures in the month in which an option expires.
2. a. In integral multiples of five cents, at the commencement of trading for options that are traded in months in which Wheat futures are not traded, and for standard option months, the business day they become the second deferred month, the following strike prices shall be listed: one with a strike closest to the previous day's settlement price of the underlying Wheat futures contract and the next five consecutive higher and the next five consecutive lower strikes. For example, five-cent strike price intervals for the September 2000 contract month would be added on June 26, which is the business day after the expiration of the July

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contract month.

- b. Over time, new five-cent strike prices will be added to ensure that at least five strike prices exist above and below the previous day's trading range in the underlying futures.
- 3. a. In integral multiples of twenty cents, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading. However, no new strikes may be added by this procedure to an option month unless open positions exist in that contract month.
- b. In integral multiples of ten cents, during the month in which an option expires, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading.
- 4. All strikes will be listed prior to the opening of trading on the following business day. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. (09/01/00)

3105.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

3106.01 Option Premium Basis - The premium for Wheat futures options shall be in multiples of one-eighth (1/8) of one cent per bushel of a 5,000 bushel Wheat futures contract which shall equal \$6.25 per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$6.00 in \$1.00 increments per option contract. (10/01/94)

3107.01 Exercise of Option - The buyer of a Wheat futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3107.02 Automatic Exercise - Notwithstanding the provisions of Regulation 3107.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3108.01 Expiration of Option - Unexercised Wheat futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

3109.01 Months Traded - Trading may be conducted in the nearby Wheat futures options

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contract month plus any succeeding months, provided however, that the Exchange may determine not to list a contract month. For options that are traded in months in which Wheat futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract. (09/01/00)

3110.01 Trading Hours - The hours of trading of options on Wheat futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Wheat futures contract, subject to the provisions of the second paragraph of Rule 1007.00. On the last day of trading in an expiring option, the expiring Wheat futures options shall be closed with a public call made striking price by striking price, conducted by such persons as the Regulatory Compliance Committee shall direct. On all other days, Wheat futures options shall be opened and closed for all months and striking prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (03/01/00)

3111.01 Position Limits - (See Regulation 425.01) (10/01/00)

3112.01 Margin Requirements - (See Regulation 431.05) (10/01/94)

3113.01 Last Day of Trading - No trades in Wheat futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Wheat futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. (07/01/01)

3114.01 Option Premium Fluctuation Limits - Trading is prohibited during any day except for the last day of trading in a Wheat futures option at a premium of more than the trading limit for the Wheat futures contract above and below the previous day's settlement premium for that option as determined by the Clearing Corporation. On the first day of trading, limits shall be set from the lowest premium of the opening range. (10/01/94)

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Chapter 32  
Soybean Oil Futures Options  
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3201.00 Authority - (See Rule 2801.00). (10/01/94)

3201.01 Application of Regulations - Transactions in put and call options on Soybean Oil futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Soybean Oil futures contracts. (See Rule 490.00). (10/01/94)

3202.01 Nature of Soybean Oil Futures Put Options - The buyer of one (1) Soybean Oil futures put option may exercise his option at any time prior to expiration, (subject to Regulation 3207.01), to assume a short position in one (1) Soybean Oil futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Soybean Oil futures put option incurs the obligation of assuming a long position in one (1) Soybean Oil futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

3202.02 Nature of Soybean Oil Futures Call Options - The buyer of one (1) Soybean Oil futures call option may exercise his option at any time prior to expiration, (subject to Regulation 3207.01), to assume a long position in one (1) Soybean Oil futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Soybean Oil futures call option incurs the obligation of assuming a short position in one (1) Soybean Oil futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

3203.01 Trading Unit - One (1) 60,000 pound Soybean Oil futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

3204.01 Striking Prices - Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of one-half cent per pound per Soybean Oil futures contract (i.e., .210, .215, .220, etc.) for all strikes less than thirty cents and in integral multiples of one cent per pound per Soybean Oil futures contract (i.e., .300, .310, .320, etc.) for all strikes greater than or equal to thirty cents (the "first tier"); and in integral multiples of one cent per pound per Soybean Oil futures contract (i.e., .210, .220, .230, etc.) for all strikes less than thirty cents and in integral multiples of two cents per pound per Soybean Oil futures contract (i.e., .320, .340, .360, etc.) for all strikes greater than or equal to thirty cents (the "second tier") as follows:

1. a. Per the first tier, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Soybean Oil futures contract and a consecutive series within 5.5 cents above and below that strike (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
- b. Per the second tier, at the commencement of trading for an option contract, the following strikes shall be listed: the next four consecutive strikes above the initial band.
- c. Per the first tier, over time, strikes shall be added as necessary to insure that all strikes within 5.5 cents of the previous day's trading range of the underlying futures contract are listed (the "minimum band").
- d. Per the second tier, over time, strikes shall be added as necessary to insure that the next four consecutive strikes above the minimum band are listed.
- e. No new strikes may be added by these procedures in the month in which an option expires.
2. a. Per the second tier, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive

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business days will be listed for trading. However, no new strikes may be added by this procedure to an option month unless open positions exist in that contract month.

- b. Per the first tier, during the month in which an option expires, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading.

- 3. All strikes will be listed prior to the opening of trading on the following business day. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. (07/01/95)

3205.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

3206.01 Option Premium Basis - The premium for Soybean Oil futures options shall be in multiples of five thousandths (5/1000) of one cent per pound of a 60,000 pound Soybean Oil futures contract which shall equal \$3.00 per contract.

However, when both sides of the trade are closing transactions, the option premium may be equal to \$1.00 or \$2.00 per option contract. (10/01/94)

3207.01 Exercise of Option - The buyer of a Soybean Oil futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3207.02 Automatic Exercise - Notwithstanding the provisions of Regulation 3207.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3208.01 Expiration of Option - Unexercised Soybean Oil futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

3209.01 Months Traded - Trading may be conducted in the nearby Soybean Oil futures options contract month plus any succeeding months, provided however, that the Exchange may determine not to list a contract month. For options that are traded in months in which Soybean Oil futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract. (09/01/00)

3210.01 Trading Hours - The hours of trading of options on Soybean Oil futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Soybean Oil futures contract, subject to the provisions of the second paragraph

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of Rule 1007.00. On the last day of trading in an expiring option, the expiring Soybean Oil futures options shall be closed with a public call made striking price by striking price, conducted by such persons as the Regulatory Compliance Committee shall direct. On all other days, Soybean Oil futures options shall be opened and closed for all months and striking prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (03/01/00)

3211.01 Position Limits and Reportable Positions - (See Regulation 425.01)  
(10/01/00)

3212.01 Margin Requirements - (See Regulation 431.05) (10/01/94)

3213.01 Last Day of Trading - No trades in Soybean Oil futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Soybean Oil futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. (07/01/01)

3214.01 Option Premium Fluctuation Limits - Trading is prohibited during any day except for the last day of trading in a Soybean Oil futures option at a premium of more than the trading limit for the Soybean Oil futures contract above and below the previous day's settlement premium for that option as determined by the Clearing Corporation. On the first day of trading, limits shall be set from the lowest premium of the opening range. (10/01/94)

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Chapter 33  
Soybean Meal Futures Options  
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3301.00 Authority - (See Rule 2801.00). (10/01/94)

3301.01 Application of Regulations - Transactions in put and call options on Soybean Meal futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Soybean Meal futures contracts. (See Rule 490.00). (10/01/94)

3302.01 Nature of Soybean Meal Futures Put Options - The buyer of one (1) Soybean Meal futures put option may exercise his option at any time prior to expiration, (subject to Regulation 3307.01), to assume a short position in one (1) Soybean Meal futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Soybean Meal futures put option incurs the obligation of assuming a long position in one (1) Soybean Meal futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

3302.02 Nature of Soybean Meal Futures Call Options - The buyer of one (1) Soybean Meal futures call option may exercise his option at any time prior to expiration, (subject to Regulation 3307.01), to assume a long position in one (1) Soybean Meal futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Soybean Meal futures call option incurs the obligation of assuming a short position in one (1) Soybean Meal futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

3303.01 Trading Unit - One (1)100 ton Soybean Meal futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

3304.01 Striking Prices - Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of five (5) dollars per ton per Soybean Meal futures contract (i.e., 185, 190, 195, etc.) for all strikes less than two hundred dollars and in integral multiples of ten (10) dollars per ton per Soybean Meal futures contract (i.e., 200, 210, 220, etc.) for all strikes greater than or equal to two hundred dollars (the "first tier"); and in integral multiples of ten (10) dollars per ton per Soybean Meal futures contract (i.e., 200, 210, 220, etc.) for all strikes less than two hundred dollars and in integral multiples of twenty (20) dollars per ton per Soybean Meal futures contract (i.e., 200, 220, 240, etc.) for all strikes greater than or equal to two hundred dollars (the "second tier") as follows:

1. a. Per the first tier, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Soybean Meal futures contract, the next ten consecutive higher strikes and the next ten consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
- b. Per the second tier, at the commencement of trading for an option contract, the following strikes shall be listed: the next four consecutive strikes above the initial band.

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- c. Per the first tier, over time, strikes shall be added as necessary to insure that at least ten strikes above and below the previous day's trading range of the underlying futures are listed (the "minimum band").
  - d. Per the second tier, over time, strikes shall be added as necessary to insure that the next four consecutive strikes above the minimum band are listed.
  - e. No new strikes may be added by these procedures in the month in which an option expires.
2. a. Per the second tier, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading. However, no new strikes may be added by this procedure to an option month unless open positions exist in that contract month.
- b. Per the first tier, during the month in which an option expires, all strikes in which the previous day's delta factors (as determined by the Board of Trade) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading.
3. All strikes will be listed prior to the opening of trading on the following business day. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions.  
(03/01/99)

3305.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

3306.01 Option Premium Basis - The premium for Soybean Meal futures options shall be in multiples of five (5) cents per ton of a 100 ton Soybean Meal futures contract which shall equal \$5.00 per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$4.00 in \$1.00 increments per option contract.  
(10/01/94)

3307.01 Exercise of Option - The buyer of a Soybean Meal futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or at such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading.  
(12/01/99)

3307.02 Automatic Exercise - Notwithstanding the provisions of Regulation 3307.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or at such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;

ii) to take appropriate action as the result of unreconciled Exchange option transactions;

iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3308.01 Expiration of Option - Unexercised Soybean Meal futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

3309.01 Months Traded - Trading may be conducted in the nearby Soybean Meal futures options contract month plus any succeeding months, provided however, that the Exchange may determine not to list a contract month. For options that are traded in months in which Soybean Meal futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract. (09/01/00)

3310.01 Trading Hours - The hours of trading of options on Soybean Meal futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Soybean Meal futures contract, subject to the provisions of the second paragraph of Rule 1007.00. On the last day of trading in an expiring option, the expiring Soybean Meal futures options shall be closed with a public call made striking price by striking price, conducted by such persons as the Regulatory Compliance Committee shall direct. On all other days, Soybean Meal futures options shall be opened and closed for all months and striking prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (03/01/00)

3311.01 Position Limits and Reportable Positions - (See Regulation 425.01) (10/01/00)

3312.01 Margin Requirements - (See Regulation 431.03) (10/01/94)

3313.01 Last Day of Trading - No trades in Soybean Meal futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Soybean Meal futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. (07/01/01)

3314.01 Option Premium Fluctuation Limits - Trading is prohibited during any day except for the last day of trading in a Soybean Meal futures option at a premium of more than the trading limit for the Soybean Meal futures contract above and below the previous day's settlement premium for that option as determined by the Clearing Corporation. On the first day of trading, limits shall be set from the lowest premium of the opening range. (10/01/94)

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A3501.00 Authority - (See Rule 2801.00.) (10/01/94)

A3501.01 Application of Regulations - Transactions in put and call options on Medium Term U.S. Treasury Note futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this Chapter which are exclusively applicable to trading in put and call options on Medium Term U.S. Treasury Note futures contracts. (See Rule 490.00.) (09/01/00)

A3502.01 Nature of Medium Term U.S. Treasury Note Futures Put Options - The buyer of one (1) Medium Term U.S. Treasury Note futures put option may exercise his option at any time prior to expiration (subject to Regulation 3507.01), to assume a short position in one (1) Medium Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Medium Term U.S. Treasury Note futures put option incurs the obligation of assuming a long position in one (1) Medium Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

A3502.02 Nature of Medium Term U.S. Treasury Note Futures Call Options - The buyer of one (1) Medium Term U.S. Treasury Note futures call option may exercise his option at any time prior to expiration (subject to Regulation 3507.01), to assume a long position in one (1) Medium Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Medium Term U.S. Treasury Note futures call option incurs the obligation of assuming a short position in one (1) Medium Term U.S. Treasury Note futures call option incurs the obligation of assuming a short position in one (1) Medium Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

A3503.01 Trading Unit - One (1) Medium Term U.S. Treasury Note futures contract of a specified contract month on the Chicago Board of Trade. (10/01/94)

A3504.01 Striking Prices - Trading shall be conducted for put and call options with striking prices in integral multiples of one-half (1/2) point per Medium Term U.S. Treasury Note futures contract. At the commencement of trading for such option contracts, the following strike prices shall be listed: one with a striking price closest to the previous day's settlement price on the underlying Medium Term U.S. Treasury Note futures contract, the next twelve consecutive higher and the next twelve consecutive lower striking prices closest to the previous day's settlement price; and all strike prices listed for all other option contract months listed at that time. If the previous day's settlement price is midway between two striking prices, the closest price shall be the larger of the two. When a sale in the underlying Medium Term U.S. Treasury Note futures contract occurs at a price greater than or equal to the twelfth largest striking price, a new striking price one increment higher than the existing striking prices will be added. When a sale in the underlying Medium Term U.S. Treasury Note futures contract occurs at a price less than or equal to the twelfth smallest striking price, a new striking price one increment lower than the existing striking prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all options contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions. (10/01/94)

A3505.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)

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A3506.01 Option Premium Basis - The premium for Medium Term U.S. Treasury Note futures options shall be in multiples of one sixty-fourth (1/64) of one point (\$1,000) of a Medium Term U. S. Treasury Note futures contract which shall equal \$15.63 per 1/64 and \$1,000 per full point.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract

If options are quoted in volatility terms, the minimum price fluctuation shall be .10 percent (i.e.-10.0%, 10.1%, 10.2%, etc.) (10/01/94)

A3507.01 Exercise of Option - The buyer of a Medium Term U.S. Treasury Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A3507.02 Automatic Exercise - Notwithstanding the provisions of Regulation 3507.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A3508.01 Expiration of Option - Unexercised Medium Term U.S. Treasury Note futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

A3509.01 Months Traded In - Trading may be conducted in Medium Term U.S. Treasury Note futures options for a thirty-six month period extending from the nearby contract month, provided however, that the Exchange may determine not to list a contract month. Both serial and quarterly options may be listed to expire into either front-month or deferred futures as determined by the Board. (06/01/99)

A3510.01 Trading Hours - The hours of trading of options on Medium Term U.S. Treasury Note futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Medium Term U.S. Treasury Note futures contract, subject to the provisions of the second paragraph of Rule 1007.00. Medium Term U.S. Treasury Note futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (04/01/00)

A3511.01 Position Limits and Reportable Positions - (See Regulation 425.01.) (10/01/00)

A3512.01 Margin Requirements - (See Regulation 431.05.) (10/01/94)

A3513.01 Last Day of Trading - No trades in Medium Term U.S. Treasury Note futures put and call options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding U.S. Treasury Bond futures contract on the last Friday which precedes by at least two business days, the last business day of the month

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preceding the option month. If such Friday is not a business day, or there is a Friday which is not a business day which precedes by one business day the last business day of the month preceding the option month, the last day of trading will be the business day prior to such Friday. (07/01/01)

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Note: The following Flexible option regulations with the exception noted in the second paragraph of Regulation 3502.03 supersede the corresponding standard regulations presented in Part A of this chapter. Regulations 3501.00, 3501.01, 3502.01, 3502.02, 3501.01, 3506.01, 3510.01, 3511.01, 3512.01, and 3514.01 remain in effect for both standard and Flexible options.

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B3502.03 Nature of Flexible Options - Flexible options on Medium Term Treasury Note futures shall be permitted in puts and calls which do not have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options.

However, Flexible Options on Medium Term Treasury Note futures shall also be permitted in puts and calls which have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options that are not at the time listed for trading in the standard options pit or on e-cbot. All Flexible Option regulations except 3507.01, 3507.02, 3508.01 and 3513.01 will pertain for these options.\*

Trading shall be permitted in any CBOT recognized option/option or option/futures spread involving puts, calls or futures. (09/01/00)

B3503.01 Trading Unit - The minimum size for requesting a quote and/or trading in a flexible option series is 50 contracts, where each contract represents one of the underlying futures contracts at the Chicago Board of Trade. Parties may request a quote and/or trade for less than 50 contracts in order to entirely close out a position in a flexible series.

For a flexible options series, respondents to a request for quote, must be willing to trade at least 50 contracts, with the exception that a respondent may trade less than 50 contracts if the respondent is entirely closing out a position in the series. (07/01/99)

B3504.01 Strike Prices - Strike prices for flexible options must be specified in points and 64th's of points per Medium Term Treasury Note futures contract. However, for a Request for Quote (RFQ), strike prices may be specified in one 64th point increments relative to the underlying futures contract. Strike prices cannot be outside the range of the currently listed strike prices for standard options. (06/01/95)

B3507.01 Exercise of Flexible Options - Notification of the intent to exercise a flexible option must be received by the Clearing Corporation by 4:10 p.m. Chicago time, or by such other time designated by the Board of Directors. No exceptions to the 4:10 p.m. exercise deadline, or such other deadline designated by the Board of Directors, shall be permitted.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3502.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B3507.02 Automatic Exercise - After the close on the last day of trading, all in-the-money flexible options will be automatically exercised unless notice to cancel automatic exercise is given to the Clearing Corporation by 4:10 p.m., or by such other time designated by the Board of Directors, on that day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3502.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B3508.01 Expiration Date - Flexible option expiration may be specified for any Monday through Friday that is not an Exchange holiday except that expiration may not occur following the last Friday that precedes by at least two business days  
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the last business day of the calendar month

preceding the underlying future contract month. Flexible options expire at 4:30 p.m. on the last trading day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3502.03 will follow expiration and exercise procedures as specified in the standard option regulations. (07/01/01)

B3509.01 Months Traded In - Trading may be conducted in flexible options in any month through the most distant underlying futures contract in which a trade has occurred. (10/01/94)

B3513.01 Last Day of Trading - The last day of trading in a flexible option shall be the expiration day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3502.03 will follow expiration and exercise procedures as specified in the standard option regulations. (05/01/94)

B3515.01 Exercise Style - Flexible options may be American or European exercise style. (10/01/94)

B3516.01 Underlying Futures Contract for Flexible Options - The underlying futures contract for a flexible option shall be the same as the underlying futures contract month of the nearest March quarterly cycle standard futures option expiring on or after the expiration of the flexible option. (10/01/94)

B3517.01 Initiating a Flexible Option Contract Series - The opening of trading in any flexible option series shall occur through the submission of an RFQ or at such time that a trade takes place in the particular flexible option series.

If so desired, participants can submit additional RFQ's for any open series. However, in this situation no priority period (Regulation 3519.01) will exist. (02/01/01)

B3519.01 RFQ Trading Interval - If the submitter of the first RFQ of the day in a flexible series requests either a bid or an offer but not both, then they shall have up to a one minute priority period during which they shall have the sole right to either buy or sell as specified in their RFQ. The exact length of the priority period shall be determined by the Exchange.

If more than one RFQ is the first RFQ of the day in a flexible series, all the RFQ's individually ask for either a bid or an offer but not both, and all the RFQ's collectively are for the same side of the market (all bids or all offers) then the submitters shall jointly share priority during the priority period.

Priority for RFQ's is determined by submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally. (02/01/01)

B3520.01 Expiration of an RFQ - Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session. Trading in a given flexible option series following a transaction in that series shall remain open through the remainder of the trading session in which the transaction was executed and through each subsequent session in which there is open interest in the flexible option series. (02/01/01)

B3521.01 Reporting of Flexible Option Trades - It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the flexible pit reporter in a timely manner, including any later trades in open flexible contract term series. (10/01/94)

\* The effect of the second paragraph of Regulation 3502.03 is to permit trading in standard option under certain Flexible trading procedures prior to the listing of such options in the standard options pit or on e-cbot. Once and if these options are listed for trading in the standard options pit or on e-cbot, they will be traded only in the standard options pit or on e-cbot, they will be traded only in the standard options pit or e-cbot subject to standard options trading requirements. Upon such listing, all existing open positions established under Flexible trading procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

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A3601.00 Authority - (See Rule 2801.00.) (10/01/94)

A3601.01 Application of Regulations - Transactions in put and call options on Short Term U.S. Treasury Note futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on Short Term U.S. Treasury Note futures contracts. (See Rule 490.00.) (09/01/00)

A3602.01 Nature of Short Term U.S. Treasury Note Futures Put Options - The buyer of one (1) Short Term U.S. Treasury Note futures put option may exercise his option at any time prior to expiration (subject to Regulation 3607.01), to assume a short position in one (1) Short Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Short Term U.S. Treasury Note futures put option incurs the obligation of assuming a long position in one (1) Short Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (10/01/94)

A3602.02 Nature of Short Term U.S. Treasury Note Futures Call Options - The buyer of one (1) Short Term U.S. Treasury Note futures call option may exercise his option at any time prior to expiration (subject to Regulation 3607.01), to assume a long position in one (1) Short Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) Short Term U.S. Treasury Note futures call option incurs the obligation of assuming a short position in one (1) Short Term U.S. Treasury Note futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (10/01/94)

A3603.01 Trading Unit - One (1) \$200,000 face value Short Term U.S. Treasury Note futures contract at a specified contract month on the Chicago Board of Trade. (10/01/94)

A3604.01 Striking Prices - Trading shall be conducted for put and call options with striking prices in integral multiples of one-quarter (1/4) point per Short Term U.S. Treasury Note futures contract. At the commencement of trading for such option contracts, the following strike prices shall be listed: one with a striking price closest to the previous day's settlement price on the underlying Short Term U.S. Treasury Note futures contract, the next six consecutive higher and the next six consecutive lower striking prices closest to the previous day's settlement price; and all strike prices listed for all other option contract months listed at that time. If the previous day's settlement price is midway between two striking prices, the closest price shall be the larger of the two. When a sale in the underlying Short Term U.S. Treasury Note futures contract occurs at a price greater than or equal to the sixth largest striking price, a new striking price one increment higher than the existing striking prices will be added. When a sale in the underlying Short Term U.S. Treasury Note futures contract occurs at a price less than or equal to the sixth smallest striking price, a new striking price one increment lower than the existing striking prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all option contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions. (10/01/94)

A3605.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (10/01/94)



A3606.01 Option Premium Basis - The premium for Short Term U.S. Treasury Note futures options shall be in multiples of one half of one sixty-fourth (1/64) of one point (\$15.63) of a Short Term U.S. Treasury Note futures contract which shall equal \$2,000 per full point.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract.

If options are quoted in volatility terms, the minimum price fluctuation shall be .10 percent (i.e.-10.0%, 10.1%, 10.2%, etc.) (10/01/94)

A3607.01 Exercise of Option - The buyer of a Short Term U.S. Treasury Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A3607.02 Automatic Exercise - Notwithstanding the provisions of Regulation 3607.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

A3608.01 Expiration of Option - Unexercised Short Term U.S. Treasury Note futures options shall expire at 10:00 a.m. on the first Saturday following the last day of trading. (10/01/94)

A3609.01 Months Traded In - Trading may be conducted in Short Term U.S. Treasury Note futures options for a forty-two month period extending from the nearby contract month, provided however, that the Exchange may determine not to list a contract month. Both serial and quarterly options may be listed to expire into either front-month or deferred futures as determined by the Board. (06/01/99)

A3610.01 Trading Hours - The hours of trading of options on Short Term U.S. Treasury Note futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Short Term U.S. Treasury Note futures contract, subject to the provisions of the second paragraph of Rule 1007.00. Short Term U.S. Treasury Note futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (04/01/00)

A3611.01 Position Limits and Reportable Positions - (See Regulation 425.01.) (10/01/00)

A3612.01 Margin Requirements - (See Regulation 431.05) (10/01/94)

A3613.01 Last Day of Trading - No trades in Short Term U.S. Treasury Note futures put and call options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Short Term U.S. Treasury Note futures contract on the last Friday which precedes by at least two business days, the last business day of the

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month preceding the option month. If such Friday is not a business day, or there is a Friday which is not a

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business day which precedes by one business day[s] the last business day of the  
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month preceding the option month, the last day of trading shall be the first  
business day prior to such Friday. (07/01/01)

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Chapter 36B (Flexible Options)  
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Note: The following Flexible option regulations with the exception noted in the second paragraph of Regulation 3602.03 supersede the corresponding standard regulations presented in Part A of this chapter. Regulations 3601.00, 3601.01, 3602.01, 3602.02, 3605.01, 3606.01, 3610.01, 3611.01, 3612.01, and 3614.01 remain in effect for both standard and Flexible options.

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B3602.03 Nature of Flexible Options - Flexible options on Short Term Treasury Note futures shall be permitted in puts and calls which do not have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options.

However, Flexible Options on Short Term Treasury Note futures shall also be permitted in puts and calls which have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options that are not at the time listed for trading in the standard options pit or on e-cbot. All Flexible Option regulations except 3607.01, 3607.02, 3608.01 and 3613.01 will pertain for these options.\*

Trading shall be permitted in any CBOT recognized option/option or option/futures spread involving puts, calls or futures. (09/01/00)

B3603.01 Trading Unit - The minimum size for requesting a quote and/or trading in a flexible option series is 50 contracts, where each contract represents one of the underlying futures contracts at the Chicago Board of Trade. Parties may request a quote and/or trade for less than 50 contracts in order to entirely close out a position in a flexible series.

For a flexible options series, respondents to a request for quote, must be willing to trade at least 50 contracts, with the exception that a respondent may trade less than 50 contracts if the respondent is entirely closing out a position in the series. (07/01/99)

B3604.01 Strike Prices - Strike prices for flexible options must be specified in points and 64th's of points per Short Term Treasury Note futures contract. However, for a Request for Quote (RFQ), strike prices may be specified in one 64th point increments relative to the underlying futures contract. Strike prices cannot be outside the range of the currently listed strike prices for standard options. (06/01/95)

B3607.01 Exercise of Flexible Options - Notification of the intent to exercise a flexible option must be received by the Clearing Corporation by 4:10 p.m. Chicago time, or by such other time designated by the Board of Directors. No exceptions to the 4:10 p.m. exercise deadline, or such other deadline designated by the Board of Directors, shall be permitted.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3602.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B3607.02 Automatic Exercise - After the close on the last day of trading, all in-the-money flexible options will be automatically exercised unless notice to cancel automatic exercise is given to the Clearing Corporation by 4:10 p.m., or by such other time designated by the Board of Directors, on that day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3602.03 will follow expiration and exercise procedures as specified in the standard option regulations. (12/01/99)

B3608.01 Expiration Date - Flexible option expiration may be specified for any Monday through Friday that is not an Exchange holiday except that expiration may not occur following the last Friday that precedes by at least two business days

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the last business day of the calendar month preceding the underlying future contract month. Flexible options expire at 4:30 p.m. on the last trading

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day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3602.03 will follow expiration and exercise procedures as specified in the standard option regulations. (07/01/01)

B3609.01 Months Traded In - Trading may be conducted in flexible options in any month up through the most distant underlying futures contract in which a trade has occurred. (10/01/94)

B3613.01 Last Day of Trading - The last day of trading in a flexible option shall be the expiration day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3602.03 will follow expiration and exercise procedures as specified in the standard option regulations. (05/01/94)

B3615.01 Exercise Style - Flexible options may be American or European exercise style. (10/01/94)

B3616.01 Underlying Futures Contract for Flexible Options - The underlying futures contract for a flexible option shall be the same as the underlying futures contract month of the nearest March quarterly cycle standard futures option expiring on or after the expiration of the flexible option. (10/01/94)

B3617.01 Initiating a Flexible Option Contract Series - The opening of trading in any flexible option series shall occur through the submission of an RFQ or at such time that a trade takes place in the particular flexible option series.

If so desired, participants can submit additional RFQ's for any open series. However, in this situation no priority period (Regulation 3619.01) will exist. (02/01/01)

B3619.01 RFQ Trading Interval - If the submitter of the first RFQ of the day in a flexible series requests either a bid or an offer but not both, then they shall have up to a one minute priority period during which they shall have the sole right to either buy or sell as specified in their RFQ. The exact length of the priority period shall be determined by the Exchange.

If more than one RFQ is the first RFQ of the day in a flexible series, all the RFQ's individually ask for either a bid or an offer but not both, and all the RFQ's collectively are for the same side of the market (all bids or all offers) then the submitters shall jointly share priority during the priority period.

Priority for RFQ's is determined by submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally. (02/01/01)

B3620.01 Expiration of an RFQ - Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session. Trading in a given flexible option series following a transaction in that series shall remain open through the remainder of the trading session in which the transaction was executed and through each subsequent session in which there is open interest in the flexible option series. (002/01/01)

B3621.01 Reporting of Flexible Option Trades - It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the flexible pit reporter in a timely manner, including any later trades in open flexible contract term series. (10/01/94)

\* The effect of the second paragraph of Regulation 3602.03 is to permit trading in standard options under certain Flexible trading procedures prior to the listing of such options in the standard options pit or on e-cbot. Once and if these options are listed for trading in the standard options pit or on e-cbot, they will be traded only in the standard options pit or on e-cbot subject to standard options trading requirements. Upon such listing, all existing open positions established under Flexible trading procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

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Chapter 37  
CBOT Rough Rice Futures  
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3700.01 Introduction - This chapter is limited in application to futures trading in rough rice. The procedures for trading, clearing, inspection, delivery, settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange. (11/01/94)

\*3701.01 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. [A combined maximum of ten stained kernels and lightly stained kernels in a 500-gram sample are permitted. A maximum of five stained kernels are permitted. Stained kernels are defined by USDA FGIS Interpretive Line Slide 2.1 and lightly stained kernels are defined by USDA FGIS Interpretive Line Slide 2.2.] 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 1.5% premium or discount, respectively, toward the settlement price for long grain rough rice and each percent of broken rice over or below 15% shall receive a .75% premium or discount, respectively. All rough rice shall be of a Southern origin or such other origin as the Exchange may approve. (12/01/02)

\* Addition underlined, deletions bracketed for contract months September 2003 forward.

3701.02 Trading Months and Hours - Futures contracts shall be traded initially for delivery during the months of September, November, January, March, May and July of each year. The number of months to be open at one time shall be at the discretion of the Exchange. Trading shall be conducted from 9:15 a.m. to 1:30 p.m. Chicago Time, except in the expiring contract on the last day of trading when trading shall cease at 12:00 Noon. (11/01/98)

3701.03 Trading Unit - The unit of trading shall be 2,000 hundredweight (200,000 pounds). (11/01/94)

3701.04 Price Increments - All bids and offers shall be in multiples of \$.005 per hundredweight. (11/01/94)

3701.05 Daily Price Limits - (See 1008.01) (11/01/94)

3701.06 Termination of Trading - No trades shall be made during the last seven business days of the trading month. Any trades remaining open during this period shall be settled by delivery or a bona fide exchange of futures for the cash commodity or over-the-counter transaction. (01/01/03)

3701.07 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 regulations, such order, ruling, directive or law shall be construed to become part of these regulations, and all new contracts shall be subject to such governmental orders. (11/01/94)

3701.08 Position Limits and Trading Limits - (See Regulation 425.01) (11/01/94)

3702.01 Delivery by Warehouse Receipts - Deliveries of rough rice shall be made only by delivery of rough rice warehouse receipts 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 warehouse receipts 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. In order to effect a valid delivery, each receipt shall (a) be endorsed by holder making delivery; (b) be marked "INSURED"; (c) indicate payment for storage charges up to and including the 18th day of the preceding month; (d) be negotiable; (e) be registered with the registrar of the Exchange; (f) specify the warehouse; and (g) specify the grade, milling yield and quantity of the rough rice stored. Unpaid accumulated storage charges shall be allowed and credited to the buyer by the seller up to and including the date of delivery. No warehouse receipt shall be valid for delivery if the receipt has expired prior to the delivery or has an expiration date in the month in which delivered.

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Endorsement by the holder shall constitute a warranty of the genuineness of the warehouse receipt and of good title thereto, but shall not constitute a guarantee of performance by the issuer. (11/01/94)

\*3702.02 Registration of Warehouse Receipts - Registration of rough rice warehouse receipts shall be subject to the following requirements:

- A. Warehouses which are regular for delivery may have their warehouse receipts registered at any time with the Official Registrar and in accordance with the requirements issued by the Registrar. If the warehouseman determines not to tender the warehouse receipt by 4.00 p.m. on the day it is registered, the warehouseman shall declare the receipt has been withdrawn but is to remain registered by transmitting to the Registrar the warehouse receipt number and the name and location of the warehouse facility. [Warehouse receipts must not be more than one year old, and must not have an expiration date in the month in which they are delivered.] The holder of a registered warehouse receipt may cancel its registration at any time. A warehouse receipt which has been canceled may not be registered again.
- B. Except in the case of delivery on the last delivery day of a delivery month, in which case the warehouse receipt must be registered before 1:00 p.m. on the last delivery day of the delivery month, the rough rice warehouse receipt must be registered before 4:00 p.m. on notice day, the business day prior to the day of delivery. If notice day is the last business day of a week, rough rice warehouse receipts must be registered before 3:00 p.m. on that day.
- C. The Registrar shall issue a weekly report showing the total number of warehouse receipts under registration as of 4:00 p.m. on the last trading day of each week. In addition to the information posted on the Exchange floor and the CBOT website, this weekly report shall show the names of warehouses whose receipts are registered. The record shall not include any receipts that have been declared withdrawn.
- D. From his own records, the Registrar shall maintain a current record of the number of receipts that are registered and shall be responsible for posting this record on the Exchange Floor and the CBOT website. The record shall not include any receipts that have been declared withdrawn.
- E. When a warehouseman regains control of his own registered receipt, the warehouseman shall by 4:00 p.m. of that business day either cancel the registration of said receipt or declare that said receipt is withdrawn but is to remain registered by transmitting to the Registrar the receipt number and the name and location of the warehouse facility, except in the case where a notice of intention to redeliver said receipt for the warehouseman has been tendered to the Clearing House by 4:00 p.m. of the day that the warehouseman regained control of said receipt. (12/01/02)

\* Deletions bracketed for contract months September 2003 forward.

3702.03 Delivery Dates - For the trading months of January, March, May, July, September and November, delivery may be made by the seller upon any business day of the delivery month the seller may select. Delivery must be made no later than the last business day of the delivery month. (11/01/94)

3702.04 Storage - Rough rice shall be stored in a bin or bins in a warehouse declared regular by the Exchange, and may contain rough rice from one or more different lots of the same quality and milling yield. Rough rice may be added to or withdrawn from such lots, provided any rice added shall be of the same quality and milling yield and shall conform to the specifications of this chapter and any withdrawal shall not reduce the amount of rice stored in such lots to an amount less than the total amount required to satisfy all outstanding warehouse receipts issued thereagainst. (11/01/94)

3702.05 Par Delivery 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. (11/01/94)

3702.06 Par Delivery Point - The par delivery points for rough rice shall be mill site warehouses within the boundaries of the Arkansas counties of Craighead, Jackson, Poinsett, Woodruff, Cross, St. Francis, Lonoke, Prairie, Monroe, Jefferson, Arkansas and DeSha. Designation as a mill site warehouse shall be determined by the Exchange. Rough rice may be delivered in satisfaction of the rough rice futures contract at rice mill warehouses regular for delivery at the contract price. Rough rice may be delivered at regular warehouses within the twelve-county area which are not at mill sites in accordance with a schedule of discounts established and published by the Exchange pursuant to 3702.07. No warehouse regular for delivery of rough rice shall be located outside the twelve Arkansas counties listed above. (11/01/94)

3702.07 Delivery Differentials - Delivery of rough rice in satisfaction of the rough rice futures contract at regular warehouses other than regular mill site warehouses shall be subject to a delivery differential of -15 cents per hundredweight (cwt.) subject to the following:

1. At the time of filing an initial or renewal application for



regularity, a warehouse shall be required to declare whether or not it is a mill site warehouse as defined in Appendix A.

2. If a regular mill site warehouse (non-mill site warehouse) renews regularity as a non-mill site warehouse (mill site warehouse) for a two-year term beginning July 1, the change in the delivery differential will become effective for the new crop delivery month of September within that two-year term.
3. Whenever the Exchange receives a bona fide renewal application for regularity which will cause the warehouse's delivery differential to change for the next crop year, a notice of the receipt of the application will be posted on the floor of the Exchange after the close of the market that day.
4. A warehouse which has been declared regular for delivery as a non-mill site warehouse (mill site warehouse) for a current regularity term ending June 30 may not be declared regular for

delivery as a mill site warehouse (non-mill site warehouse) during the balance of that term.

Pursuant to the provisions of this regulation, 3702.06 and Appendix A of these rules and regulation, the Exchange shall publish a list of all regular warehouses and the applicable discount.

3702.08 Delivery and Loading Out - Delivery shall be made on the basis of the actual weight of rough rice loaded into rail cars or trucks. A load-out charge not to exceed the tariff as filed with the Exchange in accordance with 3704.01.H shall be paid by the buyer to cover loading and weighing. The maximum load-out charge for the loading-out of rough rice against a rough rice registered warehouse receipt is 22.222 cents per cwt. which will be subject to an evaluation by the Exchange at the time of renewal of regularity of rice warehouses. An increase or decrease in the maximum load-out charge for rough rice may become effective 30 days after a notice has been posted on the Exchange floor. The notice will state the amount of the maximum load-out charge, the applicable warehouse receipts and the date that the charge will become effective.

Load-outs shall begin not later than the third business day following the day on which loading instructions are given to the warehouseman; provided, however, that the withdrawing party has within that period furnished rail cars or trucks to receive the rice. The warehouseman shall be required to load-out rice at the normal rate of load-out for the facility, but not less than 20 trucks or its equivalent weight loaded-out in rail cars per business day and shall be able to load out the warehouse's entire regular capacity in 45 calendar days or less. A party taking delivery shall receive the quantity ordered loaded out as soon as reasonably possible but no more than 45 calendar days after load-out begins. Rough rice regular warehouses shall not be required to meet these minimum load-out rates when transportation equipment is not clean and load ready, inspection services are not available, a condition of force majeure exists, or inclement weather prevents loading.

In addition, rough rice regular warehouses shall not be required to meet the minimum load-out rate for rail cars when rail cars have been constructively placed for load-in prior to constructive placement of rail cars for load-out. However, when rail cars for load-out are constructively placed after rail cars for load in, the warehouse will load-in grain from the rail cars at the normal rate of load-in for the facility. This rate shall not be less than the equivalent weight of 20 trucks loaded-in from rail cars. Rough rice regular warehouses shall not be required to meet these minimum load-in rates when a condition of force majeure exists, inspection services are not available or inclement weather prevents unloading.

The warehouse operator is not obligated to commence load-out of rough rice to a given party sooner than three business days after he receives canceled warehouse receipts and written loading instructions from such party, even if such party may have a conveyance positioned to accept load-out of rough rice before that time. If the party taking delivery presents transportation equipment of a different type (rail or truck) than that specified in the loading instructions, he is required to provide the warehouse operator with new loading orders, and the warehouse operator shall not be obligated to begin load-out of rough rice to such party sooner than three business days after he receives the new loading orders. Written loading orders received after 2:00 p.m. (Chicago time) on a given business day shall be deemed to be received on the following business day.

The warehouseman upon receipt of the canceled receipts by his agent and loading instructions from the owner by 2:00 p.m. on a given day, shall notify the owner by telex or telefax by 4:00 p.m. on that given day the scheduled day for load-out. The daily tariff load-out rate and the amount of tonnage which is scheduled for load-out before owner's load-out shall also be provided in the notification.

The owner upon acceptance of the scheduled load-out date, and if he so requests on a given day prior to load-out, shall receive a telex or telefax from the warehouseman specifying the amount of tonnage remaining before owner's equipment is loaded.

The warehouseman upon cancellation of loading instructions on any business day prior to the day of actual loading of rice, and if requested by the owner, shall reissue and register warehouse receipts for the amount of rough rice which remains unloaded. Storage fees shall begin on the date of re-issuance of the new warehouse receipts.

Storage 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 instructions.

The warehouse operator shall be permitted a two percent deviation above or below the yield of head rice shown on the warehouse receipt issued for delivery on the contract. The warehouse operator shall also be permitted a two percent deviation above or below the total milling yield shown on the warehouse receipt issued for delivery on the contract.

The warehouse operator is responsible for maintaining the milling yield of rice specified on said warehouse receipt, within the stated allowable deviations, for the total quantity of rice represented by said warehouse receipt and not for sub-lots (i.e. truckloads) of said warehouse receipt. The warehouse operator is also responsible for maintaining the numerical grade of rice specified on said warehouse receipt for the total quantity of rice represented by said warehouse receipt for the total quantity of rice represented by said warehouse receipt, however, the numerical grade for sub-lots (i.e., truckloads) shall be no more than one numerical grade below the deliverable grade specified in 3701.01. Averaging the grade or milling yield of multiple receipts is not permissible.

When the rough rice is ordered out-of-store, the warehouse operator will be reimbursed by the buyer in cash if the total milling yield or the yield of head rice of the rice loaded out is over the total milling yield or the yield of head rice listed on the warehouse receipt (up to two percent).

Conversely, the warehouse operator will reimburse the buyer in cash if the total milling yield or the yield of head rice of the rice loaded out is under the total milling yield or the yield of head rice listed on the warehouse receipt (up to two percent). Calculations shall be made daily for each receipt loaded out that day and shall be based on the nearby month rough rice future's settlement price on the day of load out. Such payments to or from the warehouse operator for excess or deficit head and broken rice shall be at the premium and discount schedule specified in 3701.01, Contract Specifications. Adjustments on the milling yield of head rice shall be based on an official test.

Both the buyer and the warehouseman will provide for an analysis of the rough rice for grade and milling yield. If there is a disagreement, then a duplicate sample taken at origin shall be analyzed by the Federal Grain Inspection Service (FGIS), or a mutually agreed-upon third party to resolve the disagreement.

Notwithstanding the above, the buyer retains the right, at his expense, to an official sampling and analysis by FGIS, or a mutually agreed-upon third party, at origin, of rough rice loaded-out at any time. (03/01/97)

3702.09 Notice of Intention - A clearing member intending to deliver shall, not later than 4:00 p.m. on position day, the second business day prior to the intended delivery day, provide to the Clearing House, a notice of intention in the form prescribed by the Exchange. On the last notice day of the delivery month, however, delivery notices may be delivered to the Clearing House until 2:00 p.m. No intra-office delivery may be made. If a clearing member has both long and short interest on its books, it must tender to the Clearing House such notices as it receives from its customers who are short. Prior to the opening of the market of the following business day, the Clearing House shall pass such notice to the clearing member having the oldest long contract as of the close of trading on the day of receipt by the Clearing House of the notice of intent (position day).

Upon receipt of the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer, the seller shall prepare invoices addressed to its assigned buyers describing the amount which buyers must pay to the seller in settlement of the actual deliveries, based on the delivery prices established by the Clearing House for that purpose adjusted for applicable premiums, discounts, storage charges, quantity variations and other items for which provision is made in these rules and regulations and other items for which provision is made in these rules and regulations relating to contracts. Such invoices shall be delivered to the Clearing House by 4:00 p.m. on notice day. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed. A buyer receiving such an invoice from the Clearing House shall, not later than 1:00 p.m. of the following day, present the invoice at the office of the seller by whom it was issued together with a certified check for the amount due, and thereupon warehouse receipts shall be delivered by the seller to the buyer.

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(11/01/94)

3703.01 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 negotiable warehouse receipt holder and the seller so agree in writing.  
(11/01/94)

\*3703.02 Storage Charges - Storage charges on rough rice shall not exceed such charges as have been filed with the Exchange in accordance with 3704.01H. (which shall be designed to cover costs of storage, insurance and taxes).

No rough rice warehouse receipts shall be valid for delivery on futures

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contracts unless the storage charges shall have been paid up to and including  
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the 18/th/ day of the preceding month and such payment endorsed on the rough  
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rice warehouse receipt. Unpaid accumulated storage charges at the posted tariff  
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applicable to the warehouse where the rough rice is stored shall be allowed and  
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credited to the buyer by the seller to and including date of delivery.  
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If storage charges up to and including the 18/th/ calendar day preceding the  
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delivery months of March, July and September and are not paid by the first  
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calendar day of any such delivery month, a late charge will apply. The late  
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charge will be an amount equal to the total unpaid accumulated storage charges  
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multiplied by the "prime interest rate" in effect on the day that the accrued  
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storage charges are paid, all multiplied by the number of calendar days that  
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storage is overdue divided by 360 days. The term "prime interest rate" shall  
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mean the lowest of the rates announced by each of the following four banks at  
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Chicago, Illinois, as its "prime rate": Bank of America-Illinois, Bank One,  
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Harris Trust & Savings Bank and the Northern Trust Company.  
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Storage [charges] on rough rice shall not exceed 34/100 of a cent per hundredweight per day.

Regular Rough Rice warehousemen shall maintain in the immediate vicinity of the  
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Exchange either an office, or a duly authorized representative or agent which is  
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a registered clearing member of the Exchange to whom Rough Rice storage charges  
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must be paid. (12/01/02)  
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\* Additions underlined; deletions bracketed for contract months September 2003 forward.

\*3704.01 Conditions of Regularity for Warehouses - The following shall constitute the minimum requirements and conditions for regularity of Rough Rice warehouses:

- A. The warehouse shall at all times meet standards of construction, sanitation and dust control, insurability and physical maintenance applicable generally to commercial warehouses.
- B. It shall be situated with respect to transportation facilities deemed adequate by the Exchange.
- C. It shall be located in such states as the Exchange may designate from time to time as delivery locations for Rough Rice.
- D. It shall be in good financial standing and credit, and shall meet the minimum financial requirements and financial reporting requirements set forth in Appendix 37D. It shall file a bond with sufficient sureties in such sum and subject to such conditions as the Exchange may require. The Exchange may, at its option, waive bond requirements.
- E. It shall maintain all licenses required by state or federal law.
- F. It shall have standard equipment and appliances for the convenient and expeditious receiving, handling and shipping of Rough Rice in bulk, in railroad cars, [barges or] and in trucks, and shall be properly safeguarded and patrolled.
- G. It shall cooperate with the Exchange's system of registration of negotiable warehouse receipts and furnish to the Exchange all needed information to enable it to keep a correct record and account of all Rough Rice remaining in store and receipts issued as of the close of each week.
- H. It shall file its tariffs listing in detail the maximum charges for the handling and storage of Rough Rice, and thereafter it shall file with the Exchange any proposed changes in such tariffs. The effective date of the change will be on the first day of the month that follows a two-month time period after the day a written notice of the change is received by the Exchange.
- I. It shall not engage in unethical conduct, or fail to be operated in accordance with accepted commercial practices or fail to comply with governmental statutes, rules and regulations governing warehouses and the commodities stored therein.
- J. It shall make such reports, keep such records, and permit such warehouse visitations and examinations of documents as the Exchange, the Commodity Futures Trading Commission pursuant to Commission Regulation 1.44(a) - (c) and the United States Department of Justice may prescribe or undertake; it shall comply with all applicable rules, regulations and orders promulgated by the Commodity Futures Trading Commission and with all requirements established by the Exchange because of such rules or orders.
- K. The Exchange may determine not to approve warehouses for regularity or increases in regular capacity of existing regular warehouses, in its sole discretion, regardless of whether such warehouses meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether warehouse receipts issued by such warehouses, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of Rough Rice futures contracts or impair the efficacy of futures trading in Rough Rice, or whether the currently approved regular capacity provides for an adequate deliverable supply. (01/01/03)

\* Addition underlined; deletions bracketed for contract months September 2003 forward.

3704.02 Application For Declaration of Regularity - Persons operating warehouses for the storage of Rough Rice traded on the Exchange who desire to have such warehouses made regular for delivery of Rough Rice under the rules and regulations shall make application for an initial declaration of regularity on a form prescribed by the Exchange prior to May 1, 1994, and every even year thereafter, for a two-year term beginning the following July 1, and every even year thereafter, and at any time during a current term for the balance of that term. Regular warehouses who desire to change their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form. Initial regularity for the current term and changes in regularity shall be effective either thirty days after a notice that a bona fide application has been received, is posted on the floor of the exchange, or the day after the application is approved by the Exchange, whichever is later. Applications for a renewal of regularity shall be made prior to May 1, 1994, and every even year

thereafter, for the respective years beginning July 1, 1994 and every even year thereafter, and shall be on the same form.

As part of its application for regularity, the warehouseman expressly agrees to consent to the disciplinary jurisdiction of the Exchange for five (5) years after regularity lapses for conduct pertaining to regularity which occurred while the warehouse was regular.

3704.03 Duties of Warehousemen - It shall be the duty of operators of all regular warehouses:

A. RESERVED

B. To notify the Exchange of any change in the condition of their warehouse which might materially affect their physical or financial ability to continue to meet the requirements for regularity under these rules and regulations. Any warehouse must immediately notify the Exchange of any material reduction of its capital, including the incurring of a contingent liability which would materially affect capital should such liability become fixed. Such notice must be in writing and signed by an officer of the warehouse.

For purposes of this requirement, a reduction amounting to twenty percent (20%) or more from the total capital reported as of the last date for which a financial statement was filed under this requirement shall be deemed material. In determining total capital, there shall be taken into consideration equities and deficits in all proprietary accounts properly included in the determination of net worth.

C. To insure adequately and fully commodities covered by warehouse receipts tendered for delivery against loss by fire, tornado and the contingencies provided for in the standard form of "extended coverage" endorsements or policies. Commodities shall be deemed so insured when the warehouse shall maintain such insurance for the benefit of all depositories of grain under tariffs, rules or regulations authorized and promulgated under the authority of the United States Warehouse Act. In any warehouse declared regular by the Exchange, the charge for insurance on commodities delivered on futures contracts shall be limited to a maximum of \$1.00 per \$100.00 evaluation annually. Any charges for insurance in excess of this amount shall be paid by the warehouseman.

D. To remove no commodity covered by negotiable warehouse receipts registered with the Exchange from the designated warehouse or, if appropriate, from the designated bond save at the request of the negotiable warehouse receipt holder upon surrender of the receipt.

E. To register with the Exchange all negotiable warehouse receipts relating to commodities for which the warehouse is declared regular and to cancel such registrations before releasing property.

F. To have a representative in Chicago, Illinois authorized and known to the Exchange to act in matters pertaining to negotiable warehouse receipts including shipping instructions.

G. To load vehicles furnished by holders of negotiable warehouse receipts of the Exchange within the time specified by these rules and regulations.

H. To furnish the Exchange with copies of policies or certificates of insurance under which deliverable commodities in the warehouse are insured.

I. To deliver commodities ordered out of the warehouse in buyer's vehicles within such times as specified by these rules and regulations showing no preference in out-loading, unless conditions such as acts of God, fire, flood, windstorm, explosion or other force majeure interfere therewith; provided, the warehouse shall make no charge for storage after three days following receipt of the load-out order notwithstanding delivery is prevented because of such act of God, etc.

If no time period for out-loading is set forth in the rules or regulations of a given contract, load-out under such contract shall occur not later than three business days after vehicles are ready for loading, except as provided herein.

J. To inspect the transportation facilities furnished by the negotiable warehouse receipt holder. If, in the warehouseman's judgement, cleaning is necessary, he shall immediately notify the

receipt holder and thereafter abide by the holder's instructions.

- K. To load each vehicle to its capacity providing sufficient negotiable warehouse receipts are tendered.
- L. To bear the costs of all expenses contingent upon transfer of title of the warehoused commodity to another regulated warehouse satisfactory to the owners of such commodity in the event of expiration or revocation of regularity or in the event of abandonment or sale of the properties where regularity is not reissued. (11/01/94)

3704.04 Safeguarding Condition Of Stored Commodities -

- A. Whenever in the opinion of the operator of the warehouse any commodity stored in a public warehouse under his jurisdiction should be loaded out in order to protect the best interests of the parties concerned, such operator shall notify the Exchange giving the location and grades of such commodity. The Exchange shall immediately notify an appropriate inspection service which shall at once proceed to the warehouse in which the commodity is stored and examine it in conjunction with the operator of such warehouse. If the inspection service agrees with the operator that the commodity should be moved, it shall so notify the Registrar. If the inspection service does not agree with the operator that the commodity should be moved, the operator of the warehouse shall have the right to appeal to the Business Conduct Committee of the Exchange. If on such appeal the Business Conduct Committee shall agree with the operator that the commodity should be moved, the committee shall so notify the Registrar, and the warehouse receipts covering the above specified lot or lots shall no longer be regular for delivery on futures contracts. Upon receiving such notice, either from the inspection service or from the Business Conduct Committee, the Registrar shall notify the holder, or holders, or their agents, together with the Chairman of the Business Conduct Committee, of the total quantity of the grade of commodity in question (selecting the oldest registered warehouse receipt first, then such additional registered warehouse receipts in the order of their issuance as may be necessary to equal such total quantity of the commodity).

When this information reaches the Chairman of the Business Conduct Committee, he shall appoint a Committee consisting of five disinterested handlers of the cash commodity. This Committee shall meet at once and after taking into consideration various factors that establish the value of the grade of the receipts held by such owner or owners, shall determine the fair value of the commodity, which price shall be that to be paid by the operator. If the price offered is not satisfactory, a Committee appointed by the Chairman of the Business Conduct Committee (at the request of such owner), shall procure other offers for such commodity, and such offers shall be immediately reported to the owner or his agent. If the owner refuses to accept any such offers, he shall have the two following business days to order and furnish facilities for loading the commodity out of store, and during this period the warehouse shall be obliged to deliver the commodity called for by the warehouse receipts, but not more than three (3) days may elapse after notification by the Registrar to the holder of the receipt before satisfactory disposition shall have been made of the commodity, either by sale to the operator or by the ordering out and furnishing facilities to load the same, provided the amount of such commodity does not exceed 20,000 hundredweight of rough rice in any one warehouse. If the amount of commodity in question exceeds such amount, the owner, or owners, of the warehouse receipts shall be allowed forty-eight hours of grace over and above the aforementioned three days for each additional 20,000 hundredweight.

- B. In the event that the holder of the warehouse receipt, or his agent, fails to move the commodity or make other satisfactory disposition of same within the prescribed time, it shall be held for his account, and any loss in grade sustained shall likewise be for his account.
- C. Nothing in the foregoing provisions shall be construed as prohibiting the warehouseman from fulfilling contracts from other stocks under his control. (11/01/94)

3704.05 Damage To Commodity In Store - Notice - The operator of a warehouse shall promptly advise the Exchange of any damage to a commodity held in store by it whenever such damage shall

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occur to an extent that will render it unwilling to purchase and withdraw from store, at its cost, all such damaged commodity. (11/01/94)

3704.06 Revocation of Regularity - Any declaration of regularity may be withdrawn by the Exchange at any time if the warehouse does not comply with the conditions above set forth or fails to carry out prescribed duties; providing, however, the Exchange has theretofore given notice to the warehouseman of the deficiencies and a reasonable time, under the circumstances, to cure them.

If the designation is revoked, the Exchange shall post such revocation on the bulletin board together with the period of time, if any, during which the negotiable warehouse receipts issued by the warehouse will be deliverable in satisfaction of futures contracts.

Once such period of time, if any, has expired, and the negotiable warehouse receipts issued by the warehouse are no longer deliverable in satisfaction of futures contracts, the warehouse shall bear the cost of the transfer of the warehoused commodity to another regulated warehouse, in accordance with 3704.03, paragraph L. (11/01/94)

3704.07 Federal Warehouses - In compliance with the provisions of Section 5a(7) of the Commodity Exchange Act, providing that the commodity may be delivered from a warehouse subject to the United States Warehouse Act, 7 U.S.C. Sections 241-273, a receipt issued under that Act shall be accepted for delivery on any futures contract provided the commodity represented by the receipt meets contract specifications and the warehouse issuing the receipt meets the requirements imposed by this chapter on all other warehouses. (11/01/94)

3704.08 Finality of USDA Or Other Required Inspection Certificate - The Exchange assumes no responsibility and disclaims all liability on account of the grade, quantity or specifications of any commodity delivered on the basis of a USDA or other required inspection certificate. Such certificate shall constitute conclusive evidence of the grade, quantity or other specifications of the commodity described therein. (11/01/94)

3705.01 Delivery Through Clearing House - All deliveries on maturing contracts shall be made through the Clearing House. The Clearing House shall prescribe such forms and requirements for initiating and completing delivery as are consistent with this chapter and the various contract specification chapters. (11/01/94)

3705.02 Payment Upon Delivery - The receiver of a Notice of Intention from the Clearing House shall present the delivery invoice at the office of the deliverer not later than 1:00 p.m. on the next business day, i.e., delivery day, together with a certified or cashier's check drawn on a Chicago bank, and shall receive therefore, properly endorsed, warehouse receipts or shipping certificates in accordance with the Notice and any other contract documents required under these rules and regulations.

If said delivery day is a banking holiday, delivery and payment must be made before 9:30 a.m. the next banking business day and the seller shall be responsible for storage charges up to and including that banking holiday. 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 Regulations. (11/01/94)

3705.03 Necessity Of Possession Of Documents - The deliverer shall at such time as the Notice of Intent is delivered to the Clearing House have possession of all documents (except a warehouse receipt in the case of a redelivery) necessary to make good delivery. (11/01/94)

3705.04 Suspended Member Out Of Line For Delivery - When a member of the Clearing House who has open purchases is suspended from the clearing House for default or insolvency, he shall be deemed out of line for delivery and tender shall be made to the buyer obligated upon the next oldest contract. Also, if tender be made to a buyer who is thereafter suspended for default or insolvency before delivery is accepted, the Notice shall be withdrawn and another immediately served upon the buyer obligated upon the next oldest contract. (11/01/94)

3705.05 Failure to Deliver - A clearing member who has not tendered a Notice on or before 8:00 p.m. on the last day in a delivery month on which such notice is permitted shall be in default. Failure to make delivery shall constitute improper conduct. In addition to the penalties provided under Exchange



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rules and regulations, the Exchange shall determine and assess the damages incurred by the buyer, taking into account the settlement price and such other factors as it may deem just. (11/01/94)

3705.06 Failure To Accept Delivery -

- A. If a clearing member fails to accept delivery, the commodity shall be sold for the account of the buyer by the Exchange. If the proceeds are insufficient to pay the seller the full delivery price, the clearing member failing to accept delivery shall be liable for the difference.
- B. If a clearing member is unable or refuses to make full payment to the seller, the Clearing House shall bear the seller's loss in the first instance.
- C. Failure to accept delivery or make full payment shall also constitute improper conduct. (11/01/94)

3705.07 Transfer Of Cash For Futures After Termination Of Contract - Subject to the Exchange approval, a transfer of cash merchandise for futures may be permitted during the contract month after termination of the contract.

Such transfer of cash for futures shall be cleared through the Clearing House in accordance with normal procedures and shall be made at the prices as are mutually agreed upon by the two parties to the transaction. Such transfers shall be clearly designated by proper symbol as transfer transactions and shall be recorded by the Exchange and the clearing member to the transactions, and proper notice given to the membership. Each party to such transaction must satisfy the Exchange that the transaction is bona fide and must file with the Clearing House all memoranda necessary to establish the nature of the transaction, the kind and quantity of the cash commodity, the kind, quantity and price of the commodity future, the names of all clearing members to the transaction and such other information as the Clearing House or Exchange may require.

Such transfer of cash for futures shall bear the normal commission charges pursuant to deliveries. (11/01/94)

3705.08 Risk Of Loss And Charges -

- A. Title and the risk of loss or damage pass to the buyer at the time of delivery of the warehouse receipts.
- B. The deliverer shall be responsible for all warehouse charges until the time when title passes and thereafter the receiver shall be responsible.
- C. The receiver shall be responsible for all inspection and weighing charges at load-out. (11/01/94)

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Chapter 38  
CBOT Rough Rice Options  
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Ch38 Trading Conditions

3800.01 Scope Of Chapter - This chapter is limited in application to the trading of put and call options exercisable for Chicago Board of Trade Rough Rice futures contracts. Procedures for trading, clearing and any other matters not specifically covered herein shall be governed by the rules of the Association. (11/01/94)

3801.01 Unit Of Trading - The unit of trading shall be a put or call option exercisable for (1) 2,000 hundredweight Chicago Board of Trade rough rice futures contract. (11/01/94)

3802.01 Options Call -

- A. Hours Of Trading - The hours of options trading shall be concurrent with the hours of the underlying futures contract.
- B. Contract Months - Trading may be conducted in the nearby rough rice options contract month plus any succeeding months, provided however that the Exchange may determine not to list a contract month. For options that are traded in months in which rough rice futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract.
- C. Termination Of Trading - No trades in rough rice futures options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Rough Rice futures contract on the last Friday which precedes, by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, then trading shall terminate on the preceding business day prior to such Friday.
- On the last day of trading in an expiring option class, the expiring options shall be closed with a public call made striking price by striking price, conducted by such persons as the Exchange shall direct.
- D. Option Expiration - The contractual rights and obligations arising from the unexercised option contract expire at 10:00 a.m. on the first Saturday following the last trading day.
- E. Option Premium Basis - The minimum price fluctuation of the option premium shall be \$0.0025 per hundredweight or \$5.00 per contract.
- However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$4.00 in \$1.00 increments per option contract.
- F. Position Limits And Reportable Positions - (See Regulation 425.01) (07/01/01)

3803.01 Striking Prices - Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of twenty (20) cents per hundredweight per rough rice futures contract (i.e., 7.80, 8.00, 8.20, etc.) and in integral multiples of forty (40) cents per hundredweight per rough rice futures contract (i.e. 8.00, 8.40, 8.80, etc.) as follows:

- A. 1. In integral multiples of twenty cents, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying rough rice futures contract, the next five consecutive higher and the next five consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
2. In integral multiples of forty cents, at the commencement of trading for an option

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contract, the following strikes shall be listed: the next four consecutive strikes above the initial band.

3. In integral multiples of twenty cents, over time, strikes shall be added as necessary to insure that all strikes within \$1.10 of the previous day's trading range of the underlying futures contract are listed (the "minimum band").
  4. In integral multiples of forty cents, over time, strikes shall be added as necessary to insure that the next four consecutive strikes above the minimum band are listed.
  5. No new strikes may be added by these procedures in the month in which an option expires.
- B.
1. In integral multiples of forty cents, all strikes in which the previous day's delta factors (as determined by the Exchange) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading. However, no new strikes may be added by this procedure to an option month unless open positions exist in that contract month.
  2. In integral multiples of twenty cents, during the month in which an option expires, all strikes in which the previous day's delta factors (as determined by the Exchange) for both the put and call options are 0.10 or greater for two consecutive business days will be listed for trading.
- C. All strikes will be listed prior to the opening of trading on the following business day. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. (11/01/94)

3804.01 Option Exercise - An option holder intending to exercise shall present to the clearing house, no later than 6:00 p.m., or by such other time designated by the Board of Directors, on any business day through and including the last trading day, on a form prescribed thereby, a notice of exercise.

The clearing house shall assign such a notice promptly and at random to a clearing member carrying a short position in the option series. Said clearing member in turn shall assign such notice to accounts with an open short option position in a fair and non-preferred manner in accordance with written procedures. By the opening of the next trading session, in the case of a call option, the writer shall sell to the holder by book entry the underlying futures contract at the contracted striking price. In the case of a put option, the writer shall buy from the holder by book entry the underlying futures contract at the contracted striking price. Thenceforth, the writer and the holder assume the rights and obligations associated with their respective positions in the underlying futures contract.

Notwithstanding the foregoing, an option holder may exercise an option prior to 10:00 a.m. on the expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. in exceptional cases involving a customer's inability to communicate exercise instructions to the member firm or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

3805.01 Daily Price Limits - Trading in a rough rice futures option shall be confined to a premium no greater than the trading limit for the rough rice futures contract above and below the option's previous day settlement premium for all trading days except the last. (11/01/94)

3806.01 Automatic Exercise - Notwithstanding the provisions of Regulation 3804.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the clearing house.

Notice to cancel automatic exercise shall be given to the clearing house by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the clearing house prior to 10:00 a.m. on the expiration date:

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- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. in exceptional cases involving a customer's inability to communicate exercise instructions to the member firm or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading. (12/01/99)

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Chapter 43  
CBOT(R) Dow Jones Industrial Average (SM) Index Futures  
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4301.00 Authority - (See 1701.00) (11/01/97)

4302.01 Application of Regulations - Futures transactions in CBOT Dow Jones Industrial Average(SM) ("DJIA") Index contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in CBOT Dow Jones Industrial Average(SM) Index contracts. (09/01/00)

4303.01 Emergencies, Acts of God, Acts of Government - If delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. (11/01/97)

4304.01 Unit of Trading - The unit of trading shall be \$10.00 times the Dow Jones Industrial Average(SM). The Dow Jones Industrial Average(SM) is a price-weighted composite index of 30 stocks. (11/01/97)

4305.01 Months Traded In - The months listed for trading are March, June, September and December, at the discretion of the Exchange. (11/01/97)

4306.01 Price Basis - The price of the CBOT Dow Jones Industrial Average(SM) Index futures shall be quoted in points. One point equals \$10.00. The minimum price fluctuation shall be one point per contract. Contracts shall not be made on any other price basis. (11/01/97)

4307.01 Hours of Trading - The hours of trading for future delivery in CBOT Dow Jones Industrial Average(SM) Index futures shall be determined by the Board.

The market shall be opened and closed for all months simultaneously, or in such other manner as the Regulatory Compliance Committee shall direct. (11/01/97)

4308.01 Price Limits and Trading Halts - (See Regulation 1008.01) (11/01/97)

4309.01 Last Day of Trading - The last day of trading in CBOT Dow Jones Industrial Average

1 "Dow Jones (SM)", "The Dow(SM)", Dow Jones Industrial Average(SM)" and "DJIA(SM)" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by the Board of Trade of the City of Chicago ("CBOT"). The CBOT's futures and futures option contracts based on the Dow Jones Industrial Average(SM) are not sponsored, endorsed, sold or promoted by Dow Jones, and Dow Jones, and Dow Jones makes no representation regarding the advisability of trading in such product(s).

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Index futures contracts deliverable in the current delivery month shall be the trading day immediately preceding the final settlement day (as described in Regulation 4342.03). (11/01/97)

4309.02 Liquidation During the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased, in accordance with Regulation 4309.01 of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Regulation 4342.01. (11/01/97)

4310.01 Margin Requirements - (See Regulation 431.03) (11/01/97)

4312.01 Position Limits and Reportable Positions - (See Regulation 425.01) (11/01/97)



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4336.01 Standards - The contract grade shall be the final settlement price (as described in Regulation 4342.02) of the Dow Jones Industrial Average(SM) Index on final settlement day (as described in Regulation 4342.03). (11/01/97)

4342.01 Delivery on Futures Contracts - Delivery against the CBOT Dow Jones Industrial Average(SM) Index Futures contract must be made through the Clearing Corporation. Delivery under these regulations shall be on the final settlement day (as described in regulation 4342.03) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in a CBOT Dow Jones Industrial Average(SM) Index futures contract at the time of termination of trading shall make payment to and receive payment through the Clearing Corporation in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Regulation 4342.02). (11/01/97)

4342.02 Final Settlement Price - The final settlement price shall be determined on the final settlement day. The final settlement price shall be \$10 times a Special Open Quotation (SOQ) of the Dow Jones Industrial Average(SM) Index based on the opening prices of the component stocks in the index, or on the last sale price of a stock that does not open for trading on the regularly scheduled day of final settlement (as described in Regulation 4342.03).

If the New York Stock Exchange ("NYSE") does not open on the day scheduled for the determination of the final settlement price, then the NYSE-stock component of the final settlement price shall be based on the next opening prices for NYSE stocks. (11/01/97)

4342.03 The Final Settlement Day - The final settlement day shall be defined as the third Friday of the contract month, or if the Dow Jones Industrial Average(SM) is not published for that day, the first preceding business day for which the Dow Jones Industrial Average(SM) is scheduled to be published. (11/01/97)

4347.01 Payment - (See Regulation 1049.04.) (11/01/97)

4348.01 Disclaimer -

CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts are not sponsored, endorsed, sold or promoted by Dow Jones. Dow Jones makes no representation or warranty, express or implied, to the owners of CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts or any member of the public regarding the advisability of trading in CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts. Dow Jones' only relationship to the Exchange is the licensing of certain trademarks and trade names of Dow Jones and of the Dow Jones Industrial Average(SM) which is determined, composed and calculated by Dow Jones without regard to the Chicago Board of Trade or CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts. Dow Jones has no obligation to take the needs of the Chicago Board of Trade or the owners of CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts into consideration in determining, composing or calculating the Dow Jones Industrial Average(SM). Dow Jones is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts to be listed or in the determination or calculation of the equation by which CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts are to be converted into cash. Dow Jones has no obligation or liability in connection with the administration, marketing or trading of the CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts.

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Chapter 44  
CBOT(R) Dow Jones Industrial Average(SM) Index Futures Options  
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4401.00 Authority - (See Rule 2801.00) (11/01/97)

4401.01 Application of Regulations - Transactions in put and call options on CBOT Dow Jones Industrial Average(SM) ("DJIA") Index futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on CBOT Dow Jones Industrial Average(SM) Index futures contracts. (See Rule 490.00) (09/01/00)

4402.01 Nature of CBOT Dow Jones Industrial Average(SM) Index Futures Put Options- The buyer of one (1) CBOT Dow Jones Industrial Average(SM) Index futures put option may exercise his option at any time prior to expiration (subject to Regulation 4407.01), to assume a short position in one (1) CBOT Dow Jones Industrial Average(SM) Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) CBOT Dow Jones Industrial Average(SM) Index futures put option incurs the obligation of assuming a long position in one (1) CBOT Dow Jones Industrial Average(SM) Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer. (11/01/97)

4402.02 Nature of Dow Jones Industrial Average(SM) Index Futures Call Options -The buyer of one (1) CBOT Dow Jones Industrial Average(SM) Index futures call option may exercise his option at any time prior to expiration (subject to Regulation 4407.01), to assume a long position in one (1) CBOT Dow Jones Industrial Average(SM) Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) CBOT Dow Jones Industrial Average(SM) Index futures call option incurs the obligation of assuming a short position in one (1) CBOT Dow Jones Industrial Average(SM) Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer. (11/01/97)

4403.01 Trading Unit - One (1) CBOT Dow Jones Industrial Average(SM) Index futures contract of a specified contract month on the Chicago Board of Trade. (11/01/97)

4404.01 Striking Prices - Trading shall be conducted for put and call options with striking prices in integral multiples of one hundred (100) index points per CBOT Dow Jones Industrial Average Index futures contract and in integral multiples of two hundred (200) index points per CBOT Dow Jones Industrial Average(SM) Index futures contract as follows:

- A. At the commencement of trading for quarterly and non-quarterly expirations, the following strike prices in one hundred point intervals shall be listed: one with a striking price closest to the previous day's settlement price on the underlying CBOT Dow Jones Industrial Average Index futures contract and the next twenty consecutive higher and the next twenty consecutive lower striking prices closest to the previous day's settlement price. If the previous day's settlement price is midway between two striking prices, the closest price shall be the larger of the two. Over time new striking prices will be added

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/1/ "Dow Jones (SM)", "The Dow(SM)", "Dow Jones Industrial Average(SM)", and "DJIA(SM)" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by the Board of Trade of the City of Chicago ("CBOT."). The CBOT's futures and futures options contracts based on the Dow Jones Industrial Average(SM) are not sponsored, endorsed, sold or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of trading in such product(s).

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to ensure that at least twenty one hundred point striking prices always exist above and below the previous day's settlement price in the underlying futures.

- B. At the commencement of trading for quarterly and non-quarterly expirations, the following strike prices in two hundred point intervals shall be listed: the next twenty consecutive higher and the next twenty consecutive lower strike prices above and below the strike price band as stipulated in Regulation 4404.01(A). Over time new striking prices will be added to ensure that at least twenty striking prices in two hundred point intervals always exist above and below the strike price band as stipulated in Regulation 4404.01(A).
- C. All new strike prices will be added prior to the opening of trading on the following business day. The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions. (10/01/99)

4405.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (11/01/97)

4406.01 Option Premium Basis - The premium for CBOT Dow Jones Industrial Average(SM) Index futures options shall be in multiples of one-half (1/2) of one index point of a CBOT Dow Jones Industrial Average(SM) Index futures contract which shall equal \$5.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$5.00 in \$1.00 increments per option contract. (11/01/97)

4407.01 Exercise of Option - The buyer of a CBOT Dow Jones Industrial Average(SM) Index futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on such day. (12/01/99)

4407.02 Automatic Exercise - Notwithstanding the provisions of Regulation 4407.01, for options with quarterly expirations, all in-the-money<sup>2</sup> options shall be automatically exercised after 6:00 p.m. on the business day following the last day of trading, unless notice to cancel automatic exercise is given to the Clearing Corporation. Notwithstanding the provisions of Regulation 4407.01, for options with non-quarterly expirations, all in-the-money options shall be automatically exercised after 6:00 p.m. on the last day of trading, unless notice to cancel automatic exercise is given to the Clearing Corporation.

For options with quarterly expirations, notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the business day following the last day of trading. For options with non-quarterly expirations, notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m., or by such other time designated by the Board of Directors, on the last day of trading. (12/01/99)

4408.01 Expiration of Option - Unexercised CBOT Dow Jones Industrial Average(SM) Index futures options with quarterly expirations shall expire at 7:00 p.m. on the business day following the last day of trading.

Unexercised CBOT Dow Jones Industrial Average(SM) Index futures options with non-quarterly expirations shall expire at 7:00 p.m. on the last day of trading. (11/01/97)

4409.01 Months Traded In - The months listed for trading are January through December at the discretion of the Exchange; provided however, that the Exchange may determine not to list a contract month. For options that are traded in months in which CBOT Dow Jones Industrial Average(SM) Index futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the October or November option contract is the December futures contract. (01/01/98)

4410.01 Trading Hours - The hours of trading of options on CBOT Dow Jones Industrial

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/2/ An option is in-the-money if the settlement price of the underlying futures contract is less in the case of a put, or greater in the case of a call than the exercise price for the option.

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Average(SM) Index futures contracts shall be determined by the Board. On the last day of trading in an expiring option the closing time for such option shall be the same as the underlying futures contract, subject to the provisions of the second paragraph of Rule 1007.00. On the last day of trading in an expiring option, the expiring CBOT Dow Jones Industrial Average(SM) Index futures options shall be closed with a public call, made strike price by strike price, conducted by such persons as the Regulatory Compliance Committee shall direct. CBOT Dow Jones Industrial Average(SM) Index futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (11/01/97)

4411.01 Position Limits and Reportable Positions - (See Regulation 425.01)  
(10/01/00)

4412.01 Margin Requirements - (See Regulation 431.05) (11/07/97)

4413.01 Last Day of Trading - For options expiring on the quarterly cycle, trading shall terminate at the same date and time as the underlying futures contract. For options that expire in months other than those in the quarterly cycle, options trading shall terminate on the third Friday of the option contract month, at the end of the regular trading session. If that day is not an Exchange business day, options trading shall terminate on the first preceding business day. (11/01/97)

4414.01 Option Premium Fluctuation Limits - Option premium limits for the CBOT Dow Jones Industrial Average(SM) Index futures options shall correspond to the daily trading limit in effect at that time for the underlying futures contract as specified in Regulation 1008.01F. There shall be no trading in any option contract during a period in which trading in the underlying future is halted as specified in Regulation 1008.01F. On the first day of trading, limits shall be set from the lowest premium of the opening range. (11/01/97)

4414.02 Trading Halts on e-cbot - There shall be no trading in any option contract during e-cbot trading hours when the CBOT Dow Jones Industrial Average(SM) Index primary futures contract is limit bid or limit offered at the e-cbot price limit. (09/01/00)

4415.01 Disclaimer -

CBOT Dow Jones Industrial Average(SM) Index futures and futures options are not sponsored, endorsed, sold or promoted by Dow Jones. Dow Jones makes no representation or warranty, express or implied, to the owners of CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts or any member of the public regarding the advisability of trading in CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts. Dow Jones' only relationship to the Exchange is the licensing of certain trademarks and trade names of Dow Jones and of the Dow Jones Industrial Average(SM) which is determined, composed and calculated by Dow Jones without regard to the Chicago Board of Trade or CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts. Dow Jones has no obligation to take the needs of the Chicago Board of Trade or the owners of CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts into consideration in determining, composing or calculating the Dow Jones Industrial Average(SM). Dow Jones is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts to be listed or in the determination or calculation of the equation by which CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts are to be converted into cash. Dow Jones has no obligation or liability in connection with the administration, marketing or trading of CBOT Dow Jones Industrial Average(SM) Index futures and futures options contracts.

DOW JONES DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE DOW JONES INDUSTRIAL AVERAGE(SM) OR ANY DATA INCLUDED THEREIN AND DOW JONES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. DOW JONES MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE CHICAGO BOARD OF TRADE, OWNERS OF CBOT DOW JONES INDUSTRIAL AVERAGE(SM) INDEX FUTURES AND FUTURES OPTIONS CONTRACTS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE DOW JONES INDUSTRIAL AVERAGE(SM) OR ANY DATA INCLUDED THEREIN. DOW JONES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE DOW JONES INDUSTRIAL AVERAGE(SM) OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF

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THE FOREGOING, IN NO EVENT SHALL DOW JONES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN DOW JONES AND THE CHICAGO BOARD OF TRADE. (11/01/97)

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Long Term Fannie Mae(R) Benchmark Notes (SM) and Freddie Mac Reference Notes (SM)  
(6 Years 6 Months - 10 Years 3 Months)  
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Chapter 45  
Long Term Fannie Mae(R) Benchmark Notes (SM) and Freddie Mac Reference Notes (SM)  
(6 Years 6 Month - 10 Years 3 Months)  
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\*Note: These contracts are listed for trading by the Chicago Board of Trade  
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pursuant to Commodity Futures Trading Commission exchange certification  
procedures.

Ch45 Trading Conditions

4501.00 Authority - (See Rule 1701.00) (04/01/00)

4502.01 Application of Regulation - Futures transactions in Long Term Fannie Mae(R) Benchmark Notes(SM) and Freddie Mac Reference Notes(SM) shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in Long Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes. Long Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes are listed for trading by the Association pursuant to Commodity Futures Trading Commission exchange certification procedures. (02/01/01)

4503.01 Emergencies, Acts of God, Acts of Government - If the delivery or acceptance or any precondition or requirement of either is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. For example, and without limiting the Board's power, it may extend delivery dates and designate alternative delivery points in the event of conditions interfering with the normal operations of approved facilities.

In the event the Board determines that there exists a shortage of deliverable Fannie Mae Benchmark Notes and/or Freddie Mac Reference Notes, it may, upon a two-thirds vote under Rule 180.00, take such action as may be in the Board's sole discretion appear necessary to prevent, correct or alleviate the condition. Without limiting the foregoing or the authority of the Board under Rule 180.00, the Board may:

- (1) designate as deliverable, callable Fannie Mae Benchmark Notes and Bonds, and/or Freddie Mac Reference Notes and Bonds otherwise meeting the specifications and requirements stated in this chapter;
- (2) designate as deliverable one or more issues of Fannie Mae Benchmark Notes and Freddie Mac Reference Notes and/or Fannie Mae Benchmark Bonds and Freddie Mac Reference Bonds having maturities shorter than six and one-half years, or longer than ten years three months and otherwise meeting the specifications and requirements stated in this chapter; and/or

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(3) determine a cash settlement based on the current cash value of an 6% coupon rate, six and one-half years to ten years three months Fannie Mae Benchmark Note and/or Freddie Mac Reference Note, as determined by using the current market yield curve for Fannie Mae Benchmark Notes and Freddie Mac Reference Notes on the last day of trading. (04/01/00)

4504.01 Unit of Trading - The unit of trading shall be Fannie Mae Benchmark Notes or Freddie Mac Reference Notes having a face value at maturity of one hundred thousand dollars (\$100,000) or multiples thereof. (04/01/00)

4505.01 Months Traded In - Trading in Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures may be scheduled in such months as determined by the Exchange. (04/01/00)

4506.01 Price Basis - Minimum price fluctuations shall be in multiples of one-half of one thirty-second (1/32) point per 100 points (\$15.625 rounded up to the nearest 1/cent) per contract) except for intermonth spreads, where minimum price fluctuations shall be in multiples of one-fourth of one thirty-second point per 100 points (\$7.8125 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (02/01/01)

4507.01 Hours of Trading - The hours of trading for future delivery in Long Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes shall be determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 12:00 noon (Chicago time), subject to the provisions of the second paragraph of Rule 1007.00.

The market shall be opened and closed for all months simultaneously, or in such other manner as the Regulatory Compliance Committee shall direct. (04/01/00)

4509.01 Last Day of Trading - No trades in Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures deliverable in the current month shall be made during the last seven business days of that month and any contracts remaining open must be settled by delivery or as provided in Regulation 4509.02 after trading in such contracts has ceased. (04/01/00)

4509.02 Liquidation in the Last Seven Days of Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased in accordance with Regulation 4509.01 of this chapter, outstanding contracts may be liquidated by the delivery of book-entry Fannie Mae Benchmark Notes or Freddie Mac Reference Notes (Regulation 4542.01) or by mutual agreement by means of a bona fide exchange of such current futures for actual Fannie Mae Benchmark Notes or Bonds and/or Freddie Mac Reference Notes or Bonds or comparable instruments. Such exchange must, in any event, be made no later than the fifth business day immediately preceding the last business day of the delivery month. (04/01/00)

4510.01 Margin Requirements - (See Regulation 431.03) (04/01/00)

4512.01 Position Limits and Reportable Positions - (See Regulation 425.01) (04/01/00)

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4536.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be non-callable Fannie Mae Benchmark Notes or non-callable Freddie Mac Reference Notes which have an original issue size of at least \$3 billion and an original maturity of not more than ten years three months and which have a remaining maturity of not less than six years six months as defined below. All notes delivered against a contract must be of the same issue. For settlement, the time to maturity of a given issue is calculated in complete quarter year increments (e.g., 8 years, 10 months, 17 days is taken to be 8 years, 9 months) from the first day of the delivery month. The price at which a note with this time to maturity and with the same coupon rate as this issue will yield 6%, according to bond tables prepared by the Financial Publishing Co. of Boston, Mass., is multiplied by the settlement price to arrive at the amount at which the short invoices the long.

Fannie Mae Benchmark Notes and Freddie Mac Reference Notes deliverable against futures contracts under these regulations must have semi-annual fixed coupon payments.

Interest accrued on the notes shall be charged to the long by the short on the basis of a 360 - day year consisting of twelve 30 - day months.

New issues of Fannie Mae Benchmark Notes and Freddie Mac Reference Notes which satisfy the standards in this regulation shall be added to the deliverable grade as they are issued. To be eligible for delivery in the current month, the newly issued notes must have been issued and settled at least three business days before the first eligible day for delivery (see 4542.01).

If during the issuance of notes Fannie Mae or Freddie Mac re-opens an existing issue, thus rendering the existing issue indistinguishable from the newly issued one, the older issue would be deliverable if it meets the following standards. The reopening must have an original issue size of at least \$3 billion, and meet the maturity standards of this chapter at the time of the reopening.

The Exchange reserves the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status. (06/01/01)

4542.01 Deliveries of Futures Contracts - Deliveries against Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 4580.01) in accordance with Department of Housing and Urban Development Title 24 CFR Part 81. Delivery must be made no earlier than the first business day of the month and no later than the last business day of the month. Notice of intention to deliver shall be given to the Board of Trade Clearing Corporation by 8:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time) on delivery day. The short Clearing Member must have contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes in place at his bank in acceptable (to his bank) delivery form no later than 10:00 a.m. (Chicago time) on delivery day. The short Clearing Member must notify his bank (Regulation 4580.01) to transfer contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes by book-entry to the long Clearing Member's account at the long Clearing Member's bank on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time) and notify his bank (Regulation 4580.01) to accept contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 4580.01) in payment for delivery of the notes. Contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes must be transferred and payment must be made before 1:00 p.m. (Chicago time) on delivery day. All deliveries must be assigned by the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it received from its customers who are

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short. (04/01/00)

4542.02 Wire Failure - In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the long Clearing Member's bank or the short Clearing Member's bank access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. (Chicago time) on the next business day on which the Federal Reserve wire is operable. Interest shall accrue to the long paid by the short beginning on the day at which the notes were to be originally delivered.

In the event of such failure, both the long and short must provide documented evidence that the instructions were given to their respective banks in accordance with Regulations 4542.01 and 4549.04 and that all other provisions of Regulations 4542.01 and 4549.04 have been complied with. (04/01/00)

4546.01 Date of Delivery - Delivery of Long Term Fannie Mae Benchmark Notes or Freddie Mac Reference Notes may be made by the short upon any permissible delivery day of the delivery month the short may select. Delivery of Long Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes must be made no later than the last business day of that month. (04/01/00)

4547.01 Delivery Notices - (See Regulation 1047.01) (04/01/00)

4548.01 Method of Delivery - (See Regulation 1048.01) (04/01/00)

4549.00 Time of Delivery, Payment, Form of Delivery Notice - (See Rule 1049.00) (04/01/00)

4549.02 Buyer's Report of Eligibility to Receive Delivery - (See Regulation 1049.02) (04/01/00)

4549.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing House by 2:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing House by 3:00 p.m. (Chicago time), or by such other time designated by the Board of Directors. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed, by placing them in buyers' mail boxes provided for that purpose in the Clearing House. (04/01/00)

4549.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. (Chicago time) on the day of delivery, except on banking holidays when delivery must be taken and payment made before 9:30 a.m. (Chicago time) the next 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 by-laws and resolutions. (04/01/00)

4549.05 Buyers Banking Notification - The long Clearing Member shall provide the short Clearing member by 4:00 p.m. (Chicago time) on the day of intention, one business day prior to delivery day, with a Banking Notification. The Banking Notification form will include the following information: the identification number and name of the long Clearing Member; the delivery date; the notification number of the delivery assignment; the identification number and name of the short Clearing Member making delivery; the quantity of the contract being delivered; the long Clearing Member's bank, account number and specific Federal Wire instructions for the transfer of Fannie Mae Benchmark Notes or Freddie Mac Reference Notes. (04/01/00)

4550.00 Duties of Members - (See Rule 1050.00) (04/01/00)

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4551.01 Office Deliveries Prohibited - (See Regulation 1051.01) (04/01/00)

4554.00 Failure to Accept Delivery - (See Rule 1054.00) (04/01/00)

Regularity of Banks  
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4580.01 Banks - For purposes of these regulations relating to trading in Long Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes, the word "Bank" (Regulation 4542.01) shall mean a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and with capital (capital, surplus and undivided earnings) in excess of one hundred million dollars (\$100,000,000). (04/01/00)

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Chapter 46A (Standard Options)  
Long Term Fannie Mae(R) Benchmark Note(SM) and Freddie Mac Reference Note(SM)  
Futures Options  
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Long Term Fannie Mae(R)Benchmark Note(SM) and Freddie Mac Reference Note(SM)  
Futures Options  
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\*Note: These contacts are listed for trading by the Chicago Board of Trade  
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pursuant to Commodity Futures Trading Commission exchange certification  
procedures.

Ch46A Trading Conditions

A46601.00 Authority - (See Rule 2801.00) (04/01/00)

A4601.01 Application of Regulations - Transactions in put and call options on  
Long Term Fannie Mae(R) Benchmark Note(SM) and Freddie Mac Reference Note(SM)  
futures contracts shall be subject to the general rules of the Association as  
far as applicable and shall also be subject to the regulations contained in this  
chapter which are exclusively applicable to trading in put and call options on  
Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures  
contracts. (See Rule 490.00.) Options on Long Term Fannie Mae Benchmark Note and  
Freddie Mac Reference Note futures are listed for trading pursuant to Commodity  
Futures Trading Commission exchange certification procedures. (02/01/01)

A4602.01 Nature of Long Term Fannie Mae Benchmark Note and Freddie Mac  
Reference Note Futures Put Options - - The buyer of one (1) Long Term Fannie Mae  
Benchmark Note and Freddie Mac Reference Note futures put option may exercise  
his option at any time prior to expiration (subject to Regulation A4607.01), to  
assume a short position in one (1) Long Term Fannie Mae Benchmark Note and  
Freddie Mac Reference Note futures contract of a specified contract month at a  
striking price set at the time the option was purchased. The seller of one (1)  
Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures put  
option incurs the obligation of assuming a long position in one (1) Long Term  
Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract of a  
specified contract month at a striking price set at the time the option was  
sold, upon exercise by a put option buyer. (04/01/00)

A4602.02 Nature of Long Term Fannie Mae Benchmark Note and Freddie Mac  
Reference Note Futures Call Options - The buyer of one (1) Long Term Fannie Mae  
Benchmark Note and Freddie Mac Reference Note futures call option may exercise  
his option at any time prior to expiration (subject to Regulation A4607.01), to  
assume a long position in one (1) Long Term Fannie Mae Benchmark Note and  
Freddie Mac Reference Note futures contract of a specified contract month at a  
striking price set at the time the option was purchased. The seller of one (1)  
Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures call  
option incurs the obligation of assuming a short position in one (1) Long Term  
Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract of a  
specified contract month at a striking price set at the time the option was  
sold, upon exercise by a call option buyer. (04/01/00)

A4603.01 Trading Unit - One (1) Long Term Fannie Mae Benchmark Note and Freddie  
Mac Reference Note futures contract of a specified contract month on the Chicago  
Board of Trade. (04/01/00)

A4604.01 Striking Prices - Trading shall be conducted for put and call options  
with striking prices in integral multiples of one (1) point per Long Term Fannie  
Mae Benchmark Note and Freddie Mac Reference Note futures contract. At the  
commencement of trading for such option contracts, the following strike prices  
shall be listed: one with a striking price closest to the previous day's  
settlement price on the underlying Long Term Fannie Mae Benchmark Note and  
Freddie Mac Reference Note futures contract, the next fifteen consecutive higher  
and the next fifteen consecutive lower striking prices closest to the previous  
day's settlement price; and all strike prices listed for all other option



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contract months listed at that time. If the previous day's settlement price is midway between two striking prices, the closest price shall be the larger of the two. When a sale in the underlying Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract occurs at a price greater than or equal to the fifteenth largest striking price, a new striking price one increment higher than the existing striking prices will be added. When a sale in the underlying Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract occurs at a price less than or equal to the fifteenth smallest striking price, a new striking price one increment lower than the existing striking prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all options contract months or which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions. (04/01/00)

A4605.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (04/01/00)

A4606.01 Option Premium Basis - The premium for Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options shall be in multiples of one sixty-fourth (1/64) of one point (\$1,000) of a Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract which shall equal \$15.63 per 1/64 and \$1,000 per full point.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract

If options are quoted in volatility terms, the minimum price fluctuation shall be .10 percent (e.g., 10.0%, 10.1%, 10.2%, etc.). (04/01/00)

A4607.01 Exercise of Option - The buyer of a Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. (Chicago time) on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions; and
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. (Chicago time) on the last day of trading. (04/01/00)

A4607.02 Automatic Exercise - Notwithstanding the provisions of Regulation 4607.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. (Chicago time) on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions; and

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iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. (Chicago time) on the last day of trading. (04/01/00)

A4608.01 Expiration of Option - Unexercised Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options shall expire at 10:00 a.m. (Chicago time) on the first Saturday following the last day of trading. (04/01/00)

A4609.01 Months Traded In - Trading in Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options may be scheduled in such months as determined by the Exchange. For options that are traded in months in which Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the October or November option contract is the December futures contract. (04/01/00)

A4610.01 Trading Hours - The hours of trading of options on Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such option shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract, subject to the provisions of the second paragraph of Rule 1007.00. Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (04/01/00)

A4611.01 Position Limits and Reportable Positions - (See Regulation 495.01) (04/01/00)

A4612.01 Margin Requirements - (See Regulation 431.05) (04/01/00)

A4613.01 Last Day of Trading - No trades in Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures put and call options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract on the last Friday which precedes by at least two business days the last business day of the month preceding the option month. If such Friday is not a business day, or there is a Friday which is not a business day which precedes by one business days the last business day of the month preceding the option month, the last day of trading will be the business day prior to such Friday. (07/01/01)

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Chapter 49  
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Ch49 Trading Conditions

4901.01 Authority - Trading in 10-Year Interest Rate Swap futures may be conducted under such terms and conditions as may be prescribed by regulation. (11/01/01)

4902.01 Application of Regulations - Transactions in 10-Year Interest Rate Swap futures contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in 10-Year Interest Rate Swap futures contracts. 10-Year Interest Rate Swap futures are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures. (11/01/01)

4904.01 Unit of Trading - The unit of trading shall be the notional price of the fixed-rate side of a 10-year interest rate swap that has notional principal equal to \$100,000, and that exchanges semiannual interest payments at a fixed rate of 6% per annum, measured according to a 30/360 daycount convention, for floating interest rate payments, based on the 3-month London interbank offered rate (hereafter, LIBOR) and measured according to an actual/360 daycount convention, and that otherwise conforms to the terms prescribed by the International Swap and Derivatives Association, Inc. (hereafter, ISDA) for the purpose of computing the daily fixing of ISDA Benchmark Rates for U.S. dollar interest rate swaps. (06/01/02)

4905.01 Months Traded In - Trading in 10-Year Interest Rate Swap futures may be scheduled in such months as determined by the Exchange. (11/01/01)

4906.01 Price Basis - The price of 10-Year Interest Rate Swap futures contracts shall be quoted in points. One point equals \$1,000.00. The minimum price fluctuation shall be one thirty-second (1/32) of one point or thirty-one dollars and twenty-five cents (\$31.25) per contract except for intermonth spreads, where minimum price fluctuations shall be in multiples of one-fourth of one thirty-second point per 100 points (\$7.8125 per contract. Contracts shall not be made on any other price basis. (04/01/02)

4907.01 Hours of Trading - The hours of trading in 10-Year Interest Rate Swap futures shall be determined by the Board. Trading in an expiring 10-Year Interest Rate Swap futures contract shall cease at 11:00 a.m. New York time on the last trading day of said futures contract, subject to the otherwise applicable provisions of the second paragraph of Rule 1007.00. That is, on the last day of trading in an expiring future, a bell shall be rung at 11:00 a.m. New York time designating the beginning of the close of the expiring future. Trading shall be permitted thereafter for a period not to exceed one minute, and quotations made during this time shall constitute the close. Following the above-described closing procedure, the Modified Closing Call will be conducted in accordance with Regulation 1007.02. The market shall be opened and closed for all months simultaneously or in such other manner as the Regulatory Compliance Committee shall direct. (06/01/02)

4909.01 Last Day of Trading - The last trading day of a 10-Year Interest Rate Swap futures contracts shall be the second London business day before the third Wednesday of the contract's delivery month. (11/01/01)

4909.02 Liquidation During the Delivery Month - After trading has ceased in contracts for future delivery in the current delivery month (in accordance with Regulation 4909.01 of this chapter), outstanding contracts shall be liquidated by cash settlement as prescribed in Regulation 4942.01. (11/01/01)

4910.01 Margin Requirements - (See Regulation 431.03). (11/01/01)

4912.01 Position Limits and Reportable Positions - (See Regulation 425.01). (11/01/01)

Ch49 Delivery Procedures

4936.01 Standards - The contract grade shall be the final settlement price of the unit of trading (as defined in Regulation 4904.01 of this chapter) on the last day of trading (as defined in Regulation 4909.01 of this chapter).

The final settlement price shall be based upon the ISDA Benchmark Rate\*\* for a 10-year U.S. dollar interest rate swap for the last day of trading, as published on the last day of trading on Reuters page ISDAFIX1 (or other Reuters page as shall be designated by ISDA for the purpose of publishing and disseminating ISDA Benchmark Rates for U.S. Dollar interest rate swaps). Determination of the final settlement price on the basis of said ISDA Benchmark Rate shall be as prescribed in Regulation 4942.01 of this chapter.

Hereafter in this chapter, the ISDA Benchmark Rate for a 10-year U.S. dollar interest rate swap shall be referenced as "the ISDA Benchmark," and ISDAFIX1 (or other Reuters page as shall be designated by ISDA for the purpose of publishing and disseminating ISDA Benchmark Rates for U.S. dollar interest rate swaps) shall be referenced as "Reuters".

If Reuters fails to report the ISDA Benchmark for the last day of trading on the last day of trading, then the final settlement price shall be based upon the ISDA Benchmark for the next available business day to be reported by Reuters. (06/01/02)

4942.01 Delivery on Futures Contracts - Delivery against 10-Year Interest Rate Swap futures contracts shall be made by cash settlement through the Clearing House following normal variation margin procedures. Generally, final settlement value (defined below) shall be calculated on the last day of trading after Reuters has published the ISDA Benchmark for the last day of trading. Generally, such publications will occur at 11:30 a.m. New York time on the last day of trading. For exceptions to this, see 4936.01.

The final settlement value shall be determined as follows:

$$\text{Final Settlement Value} = \$100,000 * [6/r + (1 - 6/r) * (1 + 0.01 * r / 2) / -20]$$

where r represents the ISDA Benchmark for the last day of trading, expressed in percent terms. For example, if the ISDA Benchmark for the last day of trading is five and one quarter percent, then r is equal to 5.25.

The final settlement price shall be the final settlement value, so determined, rounded to the nearest one quarter of one thirty-second of a price point.

Example: Suppose the ISDA Benchmark on the last day of trading is 5.50. The final settlement value will be \$103,806.81. To render this in terms of price points and quarters of thirty-seconds of price points, note that it is between 103-25.75/32nds and 103-26/32nds (where each price point equals \$1,000) --

103-26/32nds	=	\$ 103,812.50
Final settlement value	=	\$ 103,806.81
103-25.75/32nds	=	\$103,804.6875

The final settlement value is nearer to 103-25.75/32nds. Thus, the final settlement price is obtained by rounding down to 103-25.75/32nds.

In the event that the final settlement value is at the exact midpoint between any two adjacent quarters of one thirty-second of a price point, the final settlement price will be obtained by rounding up to the nearest one quarter of a thirty-second of a price point. (06/01/02)

4947.01 Payment - (See Regulation 1049.04) (11/01/01)

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\*\*ISDA Benchmark mid-market par swap rates collected at 11:00 a.m. by Reuters Limited and Garban Inter-capital plc and published on Reuters page ISDAFIX1. Source: Reuters Limited.

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Ch50 Trading Conditions

5000.01 Authority - Trading in put and call options on 10-Year Interest Rate Swap futures contracts may be conducted under such terms and conditions as may be prescribed by regulation. (12/01/02)

5001.01 Application of Regulations - Transactions in put and call options on 10-Year Interest Rate Swap futures contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this Chapter which are exclusively applicable to trading in put and call options on 10-Year Interest Rate Swap futures contracts. (See Rule 490.00.) Options on 10-Year Interest Rate Swap futures are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures. (12/01/02)

5002.01 Nature of 10-Year Interest Rate Swap Futures Put Options - The buyer of one (1) 10-Year Interest Rate Swap futures put option may exercise his option at any time prior to expiration (subject to Regulation 5007.01), to assume a short position in one (1) 10-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was purchased. The seller of one (1) 10-Year Interest Rate Swap futures put option incurs the obligation of assuming a long position in one (1) 10-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was sold, upon exercise by a put option buyer. (12/01/02)

5002.02 Nature of 10-Year Interest Rate Swap Futures Call Options - The buyer of one (1) 10-Year Interest Rate Swap futures call option may exercise his option at any time prior to expiration (subject to Regulation 5007.01), to assume a long position in one (1) 10-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was purchased. The seller of one (1) 10-Year Interest Rate Swap futures call option incurs the obligation of assuming a short position in one (1) 10-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was sold, upon exercise by a call option buyer. (12/01/02)

5003.01 Trading Unit - One (1) 10-Year Interest Rate Swap futures contract of a specified contract month on the Board of Trade of the City of Chicago, Inc. (12/01/02)

5004.01 Strike Prices - Trading shall be conducted for put and call options with strike prices in integral multiples of one (1) point per 10-Year Interest Rate Swap futures contract. At the commencement of trading for such option contracts, the following strike prices shall be listed: one with a strike price closest to the previous day's settlement price on the underlying 10-Year Interest Rate Swap futures contract, the next fifteen (15) consecutive higher and the next fifteen (15) consecutive lower strike prices closest to the previous day's settlement price; and all strike prices listed for all other option contract months listed at the time. If the previous day's settlement price is midway between two strike prices, the closest price shall be the larger of the two. When a sale in the underlying 10-Year Interest Rate Swap futures contract occurs at a price greater than or equal to the fifteenth largest strike price, a new strike price one increment higher than the existing strike prices will be added. When a sale in the underlying 10-Year Interest Rate Swap futures contract occurs at a price less than or equal to the fifteenth smallest strike price, a new strike price one increment lower than the existing strike prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all option contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions. (12/01/02)

5005.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (12/01/02)

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5006.01 Option Premium Basis - The premium for 10-Year Interest Rate Swap futures options shall be in multiples of one sixty-fourth (1/64) of one point (\$1,000.00) rounded up to the nearest one cent or fifteen dollars and sixty-three cents (\$15.63) per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract. (12/01/02)

\*\*5007.01 Exercise of Option - The buyer of a 10-Year Interest Rate Swap futures option may exercise the option on any business day up to and including the day such option expires by giving notice of exercise to the Clearing House by 6:00 p.m. Chicago time, or by such other time designated by the Board of Directors, on such day. In-the-money options\*\* that have not been liquidated or exercised on the last day of trading in such option shall be automatically exercised in the absence of contrary instructions delivered to the Clearing House by 6:00 p.m. Chicago time, or by such other time designated by the Board of Directors, on the last day of trading by the clearing member representing the option buyer. (12/01/02)

\*\*An option is in-the-money if the settlement price of the underlying futures contract is less in the case of a put, or greater in the case of a call, than the exercise price of the option.

5008.01 Expiration of Option - Unexercised 10-Year Interest Rate Swap futures options shall expire at 6:00 p.m. on the day of termination of trading. (See Regulation 5013.01.) (12/01/02)

5009.01 Months Traded In - Trading in 10-Year Interest Rate Swap futures options may be scheduled in such months as determined by the Exchange. (12/01/02)

5010.01 Trading Hours - The hours of trading of options on 10-Year Interest Rate Swap futures shall be determined by the Board. Trading in an expiring option contract shall cease at 11:00 a.m. New York time on the last trading day of said option contract subject to the otherwise applicable provisions of the second paragraph of Rule 1007.00. 10-Year Interest Rate Swap futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Exchange shall direct. (12/01/02)

5011.01 Position Limits and Reportable Positions - (See Regulation 425.01) (12/01/02)

5012.01 Margin Requirements - (See Regulation 431.05) (12/01/02)

5013.01 Last Day of Trading - Trading in an expiring option contract shall terminate at the same time and date as the underlying futures contract, that is, at 11:00 a.m. New York time on the second London business day before the third Wednesday of the underlying futures contract's delivery month. (12/01/02)



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Chapter 51

5-Year Interest Rate Swap Futures  
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Ch51 Trading Conditions

5101.01 Authority - Trading in 5-Year Interest Rate Swap futures may be conducted under such terms and conditions as may be prescribed by regulation. (07/01/02)

5102.01 Application of Regulations - Transactions in 5-Year Interest Rate Swap futures contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in 5-Year Interest Rate Swap futures contracts. 5-Year Interest Rate Swap futures are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures. (07/01/02)

5104.01 Unit of Trading - The unit of trading shall be the notional price of the fixed-rate side of a 5-year interest rate swap that has notional principal equal to \$100,000, and that exchanges semiannual interest payments at a fixed rate of 6% per annum, measured according to a 30/360 daycount convention, for floating interest rate payments, based on the 3-month London interbank offered rate (hereafter, LIBOR) and measured according to an actual/360 daycount convention, and that otherwise conforms to the terms prescribed by the International Swap and Derivatives Association, Inc. (hereafter, ISDA) for the purpose of computing the daily fixing of ISDA Benchmark Rates for U.S. dollar interest rate swaps. (07/01/02)

5105.01 Months Traded In - Trading in 5-Year Interest Rate Swap futures may be scheduled in such months as determined by the Exchange. (07/01/02)

5106.01 Price Basis - The price of 5-Year Interest Rate Swap futures contracts shall be quoted in points. One point equals \$1,000.00. The minimum price fluctuation shall be one thirty-second (1/32) of one point or thirty-one dollars and twenty-five cents (\$31.25) per contract, except for intermonth spreads, where minimum price fluctuations shall be in multiples of one-fourth of one thirty-second point per 100 points (\$7.8125) per contract. Contracts shall not be made on any other price basis. (07/01/02)

5107.01 Hours of Trading - The hours of trading in 5-Year Interest Rate Swap futures shall be determined by the Board.

Trading in an expiring 5-Year Interest Rate Swap futures contract shall cease at 11:00 a.m. New York time on the last trading day of said futures contract, subject to the otherwise applicable provisions of the second paragraph of Rule 1007.00. That is, on the last day of trading in an expiring future, a bell shall be rung at 11:00 a.m. New York time designating the beginning of the close of the expiring future. Trading shall be permitted thereafter for a period not to exceed one minute, and quotations made during this time shall constitute the close. Following the above-described closing procedure, the Modified Closing Call will be conducted in accordance with Regulation 1007.02.

The market shall be opened and closed for all months simultaneously or in such other manner as the Regulatory Compliance Committee shall direct. (07/01/02)

5109.01 Last Day of Trading - The last trading day of a 5-Year Interest Rate Swap futures contract shall be the second London business day before the third Wednesday of the contract's delivery month. (07/01/02)

5109.02 Liquidation During the Delivery Month - After trading has ceased in contracts for future delivery in the current delivery month (in accordance with Regulation 5109.01 of this chapter), outstanding contracts shall be liquidated by cash settlement as prescribed in Regulation 5142.01. (07/01/02)

5110.01 Margin Requirements - (See Regulation 431.03). (07/01/02)

5112.01 Position Limits and Reportable Positions - (See Regulation 425.01).  
(07/01/02)

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5136.01 Standards - The contract grade shall be the final settlement price of the unit of trading (as defined in Regulation 5104.01 of this chapter) on the last day of trading (as defined in Regulation 5109.01 of this chapter).

The final settlement price shall be based upon the ISDA Benchmark Rate\*\* for a 5-year U.S. dollar interest rate swap for the last day of trading, as published on the last day of trading on Reuters page ISDAFIX1 (or other Reuters page as shall be designated by ISDA for the purpose of publishing and disseminating ISDA Benchmark Rates for U.S. Dollar interest rate swaps). Determination of the final settlement price on the basis of said ISDA Benchmark Rate shall be as prescribed in Regulation 5142.01 of this chapter.

Hereafter in this chapter, the ISDA Benchmark Rate for a 5-year U.S. dollar interest rate swap shall be referenced as the "the ISDA Benchmark," and ISDAFIX1 (or other Reuters page as shall be designated by ISDA for the purpose of publishing and disseminating ISDA Benchmark Rates for U.S. dollar interest rate swaps) shall be referenced as "Reuters".

If Reuters fails to report the ISDA Benchmark for the last day of trading on the last day of trading, then the final settlement price shall be based upon the ISDA Benchmark for the next available business day to be reported by Reuters.  
(07/01/02)

5142.01 Delivery on Futures Contracts - Delivery against 5-Year Interest Rate Swap futures contracts shall be made by cash settlement through the Clearing House following normal variation margin procedures. Generally, final settlement value (defined below) shall be calculated on the last day of trading after Reuters has published the ISDA Benchmark\*\* for the last day of trading. Generally, such publications will occur at 11:30 a.m. New York time on the last day of trading. For exceptions to this, see 5136.01.

The final settlement value shall be determined as follows:

$$\text{Final Settlement Value} = \$100,000 * [ 6/r + ( 1-6/r)*(1 + 0.01*r/2)^{-10} ]$$

where r represents the ISDA Benchmark for the last day of trading, expressed in percent terms. For example, if the ISDA Benchmark for the last day of trading is five and one quarter percent, then r is equal to 5.250.

The final settlement price shall be the final settlement value, so determined, rounded to the nearest one quarter of one thirty-second of a price point.

Example: Suppose the ISDA Benchmark on the last day of trading is 5.500. The final settlement value will be \$102,160.02. To render this in terms of price points and quarters of thirty-seconds of price points, note that it is between 102-05/32nds and 102-05.25/32nds (where each price point equals \$1,000) --

102-05.25/32nds	\$102,164.0625
Final settlement value	\$ 102,160.02
102-05/32nds	\$ 102,156.25

The final settlement value is nearer to 102-05/32nds. Thus, the contract expiration price is obtained by rounding down to 102-05/32nds.

In the event that the final settlement value is at the exact midpoint between any two adjacent quarters of one thirty-second of a price point, the final settlement price will be obtained by rounding up to the nearest one quarter of a thirty-second of a price point. (07/01/02)

5147.01 Payment - (See Regulation 1049.04) (07/01/02)

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\*\* ISDA Benchmark mid-market par swap rates collected at 11:00 a.m. by Reuters Limited and Garban Intercapital plc and published on Reuters page ISDAFIX1.  
Source: Reuters Limited.

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5200.01 Authority - Trading in put and call options on 5-Year Interest Rate Swap futures contracts may be conducted under such terms and conditions as may be prescribed by regulation. (12/01/02)

5201.01 Application of Regulations - Transactions in put and call options on 5-Year Interest Rate Swap futures contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this Chapter which are exclusively applicable to trading in put and call options on 5-Year Interest Rate Swap futures contracts. (See Rule 490.00.) Options on 5-Year Interest Rate Swap futures are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures. (12/01/02)

5202.01 Nature of 5-Year Interest Rate Swap Futures Put Options - The buyer of one (1) 5-Year Interest Rate Swap futures put option may exercise his option at any time prior to expiration (subject to Regulation 5207.01), to assume a short position in one (1) 5-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was purchased. The seller of one (1) 5-Year Interest Rate Swap futures put option incurs the obligation of assuming a long position in one (1) 5-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was sold, upon exercise by a put option buyer. (12/01/02)

5202.02 Nature of 5-Year Interest Rate Swap Futures Call Options - The buyer of one (1) 5-Year Interest Rate Swap futures call option may exercise his option at any time prior to expiration (subject to Regulation 5207.01), to assume a long position in one (1) 5-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was purchased. The seller of one (1) 5-Year Interest Rate Swap futures call option incurs the obligation of assuming a short position in one (1) 5-Year Interest Rate Swap futures contract of a specified contract month at a strike price set at the time the option was sold, upon exercise by a call option buyer. (12/01/02)

5203.01 Trading Unit - One (1) 5-Year Interest Rate Swap futures contract of a specified contract month on the Board of Trade of the City of Chicago, Inc. (12/01/02)

5204.01 Strike Prices - Trading shall be conducted for put and call options with strike prices in integral multiples of one (1) point per 5-Year Interest Rate Swap futures contract. At the commencement of trading for such option contracts, the following strike prices shall be listed: one with a strike price closest to the previous day's settlement price on the underlying 5-Year Interest Rate Swap futures contract, the next fifteen (15) consecutive higher and the next fifteen (15) consecutive lower strike prices closest to the previous day's settlement price; and all strike prices listed for all other option contract months listed at the time. If the previous day's settlement price is midway between two strike prices, the closest price shall be the larger of the two. When a sale in the underlying 5-Year Interest Rate Swap futures contract occurs at a price greater than or equal to the fifteenth largest strike price, a new strike price one increment higher than the existing strike prices will be added. When a sale in the underlying 5-Year Interest Rate Swap futures contract occurs at a price less than or equal to the fifteenth smallest strike price, a new strike price one increment lower than the existing strike prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all option contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions. (12/01/02)

5205.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (12/01/02)

Ch52 Trading Conditions

5206.01 Option Premium Basis - The premium for 5-Year Interest Rate Swap futures options shall be in multiples of one sixty-fourth (1/64) of one point (\$1,000.00) rounded up to the nearest one cent or fifteen dollars and sixty-three cents (\$15.63) per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract. (12/01/02)

\*\*5207.01 Exercise of Option - The buyer of a 5-Year Interest Rate Swap futures option may exercise the option on any business day up to and including the day such option expires by giving notice of exercise to the Clearing House by 6:00 p.m. Chicago time, or by such other time designated by the Board of Directors, on such day. In-the-money options\*\* that have not been liquidated or exercised on the last day of trading in such option shall be automatically exercised in the absence of contrary instructions delivered to the Clearing House by 6:00 p.m. Chicago time, or by such other time designated by the Board of Directors, on the last day of trading by the clearing member representing the option buyer. (12/01/02)

\*\*An option is in-the-money if the settlement price of the underlying futures contract is less in the case of a put, or greater in the case of a call, than the exercise price of the option.

5208.01 Expiration of Option - Unexercised 5-Year Interest Rate Swap futures options shall expire at 6:00 p.m. on the day of termination of trading. (See Regulation 5013.01.) (12/01/02)

5209.01 Months Traded In - Trading in 5-Year Interest Rate Swap futures options may be scheduled in such months as determined by the Exchange. (12/01/02)

5210.01 Trading Hours - The hours of trading of options on 5-Year Interest Rate Swap futures shall be determined by the Board. Trading in an expiring option contract shall cease at 11:00 a.m. New York time on the last trading day of said option contract subject to the otherwise applicable provisions of the second paragraph of Rule 1007.00. 5-Year Interest Rate Swap futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Exchange shall direct. (12/01/02)

5211.01 Position Limits and Reportable Positions - (See Regulation 425.01) (12/01/02)

5212.01 Margin Requirements - (See Regulation 431.05) (12/01/02)

5213.01 Last Day of Trading - Trading in an expiring option contract shall terminate at the same time and date as the underlying futures contract, that is, at 11:00 a.m. New York time on the second London business day before the third Wednesday of the underlying futures contract's delivery month. (12/01/02)

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Chapter 53  
CBOT(R) mini-sized Dow/SM/ Futures (\$5 Multiplier)  
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Note: These contracts are listed for trading by the Chicago Board of Trade pursuant to Commodity Futures Trading Commission exchange certification procedures.

Ch53 Trading Conditions

5301.01 Authority - Trading in CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) may be conducted under such terms and conditions as may be prescribed by regulation. (04/01/02)

5302.01 Application of Regulation - Futures transactions in CBOT(R) mini-sized Dow/SM/ (\$5 multiplier) contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in CBOT(R) mini-sized Dow/SM/ (\$5 multiplier) contracts. CBOT(R) mini-sized Dow/SM/ (\$5 multiplier) futures are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures. (04/01/02)

5303.01 Emergencies, Acts of God, Acts of Government - If the delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. (04/01/02)

5304.01 Unit of Trading -- The unit of trading shall be \$5.00 times the Dow Jones Industrial Average/SM/. The Dow Jones Industrial Average/SM/ is a price-weighted index of 30 of the largest and most liquid U.S. stocks. (04/01/02)

5305.01 Months Traded In - The months listed for trading are March, June, September and December, at the discretion of the Exchange. (04/01/02)

5306.01 Price Basis - The price of CBOT(R) mini-sized Dow/SM/ (\$5 multiplier) futures shall be quoted in index points. One index point is worth \$5.00. The minimum price fluctuation shall be one point per contract (\$5.00). Contracts shall not be made on any other price basis. (04/01/02)

5307.01 Hours of Trading - The hours of trading for future delivery in CBOT(R) mini-sized Dow/SM/ futures (\$5.00 multiplier) shall be determined by the Board.

The market shall be opened and closed for all months simultaneously, or in such other manner as the Exchange shall direct. (04/01/02)

5308.01 Price Limits and Trading Halts - (See Regulation 1008.01.) (04/01/02)

5309.01 Last Day of Trading - The last day of trading in CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts deliverable in the current delivery month shall be the trading day immediately preceding the final settlement day (as described in Regulation 5342.03). (04/01/02)

5309.02 Liquidation During the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased, in accordance with Regulation 5309.01 of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Regulation 5342.01. (04/01/02)

/1/ "Dow Jones/SM/", "The Dow/SM/", Dow Jones Industrial Average/SM/" and "DJIA/SM/" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by the Board of Trade of the City of Chicago, Inc. ("CBOT(R)"). The CBOT's futures and futures option contracts based on the Dow Jones Industrial Average/SM/ are not sponsored, endorsed, sold or promoted by Dow Jones/SM/, and Dow Jones/SM/ makes no representation regarding the advisability of trading in such products.



Ch 53 Delivery Procedures

5310.01 Margin Requirements - (See Regulation 431.03.) (04/01/02)

5312.01 Position Limits and Reportable Positions - (See Regulation 425.01.)  
(04/01/02)

Ch 53 Delivery Procedures

5336.01 Standards - The contract grade shall be the final settlement price (as described in Regulation 5342.02) of the CBOT(R) mini-sized Dow/SM/ (\$5 multiplier) on final settlement day (as described in Regulation 5342.03).  
(04/01/02)

5342.01 Delivery on Futures Contracts - Delivery against the CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contract must be made through the Clearing Corporation. Delivery under these regulations shall be on the final settlement day (as described in regulation 5342.03) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in a CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contract at the time of termination of trading shall make payment to and receive payment through the Clearing Corporation in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Regulation 5342.02). (04/01/02)

If the designated primary market for a component stock does not open on the day scheduled for the determination of the final settlement price, then the final settlement price shall be based on the next opening price for the component stock.

If a component stock does not trade on the day scheduled for determination of the final settlement price while the primary market for the stock is open for trading, the last sale price of the stock will be used to calculate the final settlement price. (04/01/02)

5342.03 The Final Settlement Day - The final settlement day shall be defined as the third Friday of the contract month, or if the Dow Jones Industrial Average/SM/ is not scheduled to be published for that day, the first preceding business day for which the Dow Jones Industrial Average/SM/ is scheduled to be published. (04/01/02)

5347.01 Payment - (See Regulation 1049.04.) (04/01/02)

5348.01 Disclaimer -

CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) are not sponsored, endorsed, sold or promoted by Dow Jones. Dow Jones makes no representation or warranty, express or implied, to the owners of CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts or any member of the public regarding the advisability of trading in CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts. Dow Jones' only relationship to the Exchange is the licensing of certain trademarks and trade names of Dow Jones and of the Dow Jones Industrial Average/SM/ which is determined, composed and calculated by Dow Jones without regard to the Chicago Board of Trade or CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts. Dow Jones has no obligation to take the needs of the Chicago Board of Trade or the owners of CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts into consideration in determining, composing or calculating the Dow Jones Industrial Average/SM/. Dow Jones is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts to be listed or in the determination or calculation of the equation by which CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts are to be converted into cash. Dow Jones has no obligation or liability in connection with the administration, marketing or trading of CBOT(R) mini-sized Dow/SM/ futures (\$5 multiplier) contracts.

Ch 53 Delivery Procedures

DOW JONES DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE DOW JONES INDUSTRIAL AVERAGE/SM/ OR ANY DATA INCLUDED THEREIN AND DOW JONES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. DOW JONES MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE CHICAGO BOARD OF TRADE, OWNERS OF CBOT(R) mini-sized DOW/SM/ FUTURES (\$5 MULTIPLIER) CONTRACTS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE DOW JONES INDUSTRIAL AVERAGE/SM/ OR ANY DATA INCLUDED THEREIN. DOW JONES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE DOW JONES INDUSTRIAL AVERAGE/SM/ OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL DOW JONES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN DOW JONES AND THE CHICAGO BOARD OF TRADE. (04/01/02)

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Ch56 Trading Conditions

5601.01 Authority - Trading in CBOT Dow Jones-AIG Commodity Index(SM) futures may be conducted under such terms and conditions as may be prescribed by Regulation. (11/01/01)

5602.01 Application of Regulations - Futures transactions in CBOT Dow Jones-AIG Commodity Index(SM) ("DJ-AIGCI(SM)") futures contracts shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in CBOT Dow Jones-AIG Commodity Index(SM) futures. CBOT Dow Jones-AIG Commodity Index(SM) futures contracts are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures. (11/01/01)

5603.01 Emergencies, Acts of God, Acts of Government - If delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. (11/01/01)

5604.01 Unit of Trading - The unit of trading shall be \$100.00 times the Dow Jones-AIG Commodity Index(SM) Futures Price Index which corresponds to each futures contract.

The Dow Jones-AIG Commodity Index(SM) (DJ-AIGCI(SM)) is a liquidity and world production, dollar-weighted, arithmetic average of prices of up to 23 exchange-traded physical commodity futures contracts which satisfy specified criteria. The futures price index is calculated as the fair value of the basket of futures contracts in the DJ-AIGCI(SM) for a specific contract month. The futures price index is identical to the calculation of the weighted average value (WAV1) of the lead futures in the DJ-AIGCI(SM) divided by four (4) and rounded to one decimal place. The futures price index incorporates no rolling forward of futures contracts and is quoted only until the expiration of the corresponding DJ-AIGCI(SM) futures contract. For any January contract, the futures price index shall be determined using the prior year's DJ-AIGCI(SM) specifications. February through December contracts shall use the current year's DJ-AIGCI(SM) specifications. The DJ-AIGCI(SM) specifications criteria, calculation, and roll procedures are defined in the Dow Jones-AIG Commodity Index(SM) Handbook. (09/01/02)

5605.01 Months Traded In - The months listed for trading are January, February, April, June, August, October and December, at the discretion of the Exchange. (11/01/01)

5606.01 Price Basis - The price of the CBOT Dow Jones-AIG Commodity Index(SM) futures shall be quoted in points. One point equals \$100.00. The minimum price fluctuation shall be 0.1 (1/10) points per contract (\$10.00 per contract). Contracts shall not be made on any other price basis. (11/01/01)

5607.01 Hours of Trading - The hours of trading for future delivery in CBOT Dow Jones-AIG Commodity Index(SM) futures shall be determined by the Exchange.

The market shall be opened and closed for all months simultaneously, or in such other manner as the

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/1/ "Dow Jones," AIG (R)" Dow Jones-AIG Commodity Index(SM)," and DJ-AIGCI(SM)" are service marks of Dow Jones & Company, Inc. and American International Group, Inc., as the case may be, and have been licensed for use for certain purposes by the CBOT. The CBOT Dow Jones- AIG Commodity Index futures and futures options are not sponsored, endorsed or sold by Dow Jones, AIG, American International Group, or any of their respective subsidiaries or affiliates, and none of Dow Jones, AIG, American International Group, or any of their respective subsidiaries or affiliates, makes any representation regarding the advisability of investing in such product(s)."

Ch56 Trading Conditions

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Exchange shall direct. (11/01/01)

5608.01 Price Limits and Trading Halts - There are no price limits for CBOT Dow Jones-AIG Commodity Index(SM) futures. (11/01/01)

5609.01 Last Day of Trading - The last day of trading in CBOT Dow Jones-AIG Commodity Index(SM) futures contracts deliverable in the current delivery month shall be the eleventh business day of the contract month (as described in Regulation 5642.03). (11/01/01)

5609.02 Liquidation During the Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased, in accordance with Regulation 5609.01 of this chapter, outstanding contract for such delivery shall be liquidated by cash settlement as prescribed in Regulation 5642.01. (11/01/01)

5610.01 Margin Requirements - (See Regulation 431.03) (11/01/01)

5612.01 Position Limits and Reportable Positions - (See Regulation 425.01) (11/01/01)

5636.01 Standards - The contract grade shall be the final settlement price (as described in Regulation 5642.02) of the Dow Jones-AIG Futures Price Index on final settlement day (as described in Regulation 5642.03). (11/01/01)

5642.01 Delivery on Futures Contracts - Delivery against the CBOT Dow Jones-AIG Commodity Index(SM) futures contracts must be made through the Clearing Corporation. Delivery under these regulations shall be on the final settlement day (as described in regulation 5642.03) and shall be accomplished by cash settlement as hereinunder provided.

Clearing members holding open positions in a CBOT Dow Jones-AIG Commodity Index(SM) futures contract at the time of termination of trading shall make payment to and receive payment through the Clearing Corporation in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Regulation 5642.02). (11/01/01)

5642.02 Final Settlement Price - The final settlement price shall be based on a special quotation of the Dow Jones-AIG Futures Price Index which corresponds to the expiring contract as the close of business on the final settlement day (as described in Regulation 5642.03). This special quotation will consist of the Dow Jones-AIG Futures Price Index which corresponds to the expiring contract calculated using the settlement prices of the component futures on final settlement day, except as noted below.

If an exchange that a component or components of the futures price index is trading on is not open on the final settlement day because of a scheduled closing, then the contribution to the final settlement price for the affected component or components shall be based on the settlement quotation of the first preceding trading day.

If a component contract month's settlement price on the final settlement day is unavailable because of an unanticipated and/or unannounced closure of the component contract market, then the price of such component contract to be used in calculating the final settlement price shall be the next available settlement price.

If the settlement price of a component contract is a limit bid or offer on the final settlement day, then that contract's contribution to the final settlement price is deferred up to ten business days. In the event that a component contract's settlement price is a limit bid or offer on the final settlement day, the price to be used is the first settlement price after the final settlement day that is not a limit bid or offer. If the settlement price is a limit bid or offer for ten consecutive business days following the final settlement day, the contract's settlement price on the tenth subsequent business day shall be used as the contract's contribution to the final settlement price. (11/01/01)

5642.03 The Final Settlement Day - The final settlement day shall be defined as the eleventh business day of the contract month, or if the Dow Jones-AIG Futures Price Index is not published for that day, the first preceding business day for which the Dow Jones-AIG Futures Price Index was published. (11/01/01)

5647.01 Payment - (See Regulation 1049.04.) (11/0101)

5648.01 Disclaimer - The CBOT Dow Jones-AIG Commodity Index(SM) futures and futures options are not sponsored, endorsed or sold by Dow Jones, American International Group, AIG or any of their affiliates. None of Dow Jones, American International Group, AIG or any of their affiliates makes any representation or warranty, express or implied, to the owners of or counterparts to the futures and futures options or any member of the public regarding the advisability of investing in securities or commodities generally or in the futures or futures options particularly. The only relationship of such persons to the Licensee is the licensing of certain trademarks, trade names and service marks and of the Dow Jones-AIG Commodity Index(SM), which is determined, composed and calculated by Dow Jones in conjunction with AIG without regard to the CBOT or the CBOT Dow Jones-AIG Commodity Index(SM) futures or futures options. Dow Jones and AIG have no obligation to take the needs of the CBOT or the owners of the futures or futures options into consideration in determining, composing or calculating Dow Jones-AIG Commodity Index(SM). None of Dow Jones, American International Group, AIG or any of their affiliates is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Dow Jones-AIG Commodity Index(SM) futures or futures options to be issued or in the determination or calculation of the equation by which the futures or futures options are to be converted into cash. None of Dow Jones, American International Group, AIG or any of their affiliates shall have any obligation or liability in connection with the administration, marketing or trading of the futures or futures options. Notwithstanding the foregoing, AIG, American International Group and their respective affiliates may independently issue and/or sponsor financial products unrelated to the Products currently being issued by Licensee, but which may be similar to and competitive with the Products.

NONE OF DOW JONES, AMERICAN INTERNATIONAL GROUP, AIG OR ANY OF THEIR AFFILIATES GUARANTEES THE ACCURACY AND/OR THE COMPLETENESS OF THE DOW JONES-AIG COMMODITY INDEX(SM) OR ANY DATA INCLUDED THEREIN AND NONE OF DOW JONES, AMERICAN INTERNATIONAL GROUP, AIG OR ANY OF THEIR AFFILIATES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. NONE OF DOW JONES, AMERICAN INTERNATIONAL GROUP, AIG OR ANY OF THEIR AFFILIATES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE CBOT, OWNERS OF THE DOW JONES-AIG COMMODITY, INDEX(SM) FUTURES OR FUTURES OPTIONS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF DOW JONES-AIG COMMODITY INDEX(SM) OR ANY DATA INCLUDED THEREIN. NONE OF DOW JONES, AMERICAN INTERNATIONAL GROUP, AIG OR ANY OF THEIR AFFILIATES MAKES ANY EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE DOW JONES-AIG COMMODITY INDEX(SM) OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL DOW JONES, AMERICAN INTERNATIONAL GROUP, AIG OR ANY OF THEIR AFFILIATES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES OR LOSSES, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS AMONG DOW JONES, AIG AND THE CBOT, OTHER THAN AMERICAN INTERNATIONAL GROUP. (11/01/01)



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Chapter 57  
Medium Term Fannie Mae(R) Benchmark Notes(SM) and Freddie Mac Reference  
Notes(SM) (4 Years to 5 Years 3 Months)  
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Chapter 57  
Medium Term Fannie Mae(R)Benchmark Notes(SM) and Freddie Mac Reference Notes(SM)  
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\*Note: These contracts are listed for trading by the Chicago Board of Trade  
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pursuant to Commodity Futures Trading Commission exchange certification  
procedures.

Ch57 Trading Conditions

5701.00 Authority - (See Rule 1701.00) (02/01/01)

5702.01 Application of Regulation - Futures transactions in Medium Term Fannie Mae(R) Benchmark Notes(SM) and Freddie Mac Reference Notes(SM) shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in Medium Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes. Medium Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes are listed for trading by the Association pursuant to Commodity Futures Trading Commission exchange certification procedures. (02/01/01)

5703.01 Emergencies, Acts of God, Acts of Government - If the delivery or acceptance or any precondition or requirement of either is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. For example, and without limiting the Board's power, it may extend delivery dates and designate alternative delivery points in the event of conditions interfering with the normal operations of approved facilities.

In the event the Board determines that there exists a shortage of deliverable Fannie Mae Benchmark Notes and/or Freddie Mac Reference Notes, it may, upon a two-thirds vote under Rule 180.00, take such action as may be in the Board's sole discretion appear necessary to prevent, correct or alleviate the condition. Without limiting the foregoing or the authority of the Board under Rule 180.00, the Board may:

(1) designate as deliverable, callable Fannie Mae Benchmark Notes and Bonds, and/or Freddie Mac Reference Notes and Bonds otherwise meeting the specifications and requirements stated in this chapter;

(2) designate as deliverable one or more issues of Fannie Mae Benchmark Notes and Freddie Mac Reference Notes and/or Fannie Mae Benchmark Bonds and Freddie Mac Reference Bonds having maturities shorter than four years, or longer than five year three months and otherwise meeting the specifications and requirements stated in this chapter; and/or

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(3) determine a cash settlement based on the current cash value of an 6% coupon rate, four year to five year three month Fannie Mae Benchmark Note and/or Freddie Mac Reference Note, as determined by using the current cash market yield curve for Fannie Mae Benchmark Notes and Freddie Mac Reference Notes on the last day of trading. (02/01/01)

5704.01 Unit of Trading - The unit of trading shall be Fannie Mae Benchmark Notes or Freddie Mac Reference Notes having a face value at maturity of one hundred thousand dollars (\$100,000) or multiples thereof. (02/01/01)

5705.01 Months Traded In - Trading in Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures may be scheduled in such months as determined by the Exchange. (02/01/01)

5706.01 Price Basis - Minimum price fluctuations shall be in multiples of one-half of one thirty-second (1/32) point per 100 points (\$15.625 rounded up to the nearest 1 cent) per contract) except for intermonth spreads, where minimum price fluctuations shall be in multiples of one-fourth of one thirty-second point per 100 points (\$7.8125 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (02/01/01)

5707.01 Hours of Trading - The hours of trading for future delivery in Medium Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes shall be determined by the Board. On the last day of trading in an expiring future, the closing time for such future shall be 12:00 noon (Chicago time), subject to the provisions of the second paragraph of Rule 1007.00.

The market shall be opened and closed for all months simultaneously, or in such other manner as the Regulatory Compliance Committee shall direct. (02/01/01)

5709.01 Last Day of Trading - No trades in Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures deliverable in the current month shall be made during the last seven business days of that month and any contracts remaining open must be settled by delivery or as provided in Regulation 5709.02 after trading in such contracts has ceased. (02/01/01)

5709.02 Liquidation in the Last Seven Days of Delivery Month - After trading in contracts for future delivery in the current delivery month has ceased in accordance with Regulation 5709.01 of this chapter, outstanding contracts may be liquidated by the delivery of book-entry Fannie Mae Benchmark Notes or Freddie Mac Reference Notes (Regulation 5742.01) or by mutual agreement by means of a bona fide exchange of such current futures for actual Fannie Mae Benchmark Notes or Bonds and/or Freddie Mac Reference Notes or Bonds or comparable instruments. Such exchange must, in any event, be made no later than the fifth business day immediately preceding the last business day of the delivery month. (02/01/01)

5710.01 Margin Requirements - (See Regulation 431.03) (02/01/01)

5712.01 Position Limits and Reportable Positions - (See Regulation 425.01) (02/01/01)

## Delivery Procedures

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5736.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be non-callable Fannie Mae Benchmark Notes or non-callable Freddie Mac Reference Notes which have an original issue size of at least \$3 billion and an original maturity of not more than five years three months and which have a remaining maturity of not less than four years as defined below. All notes delivered against a contract must be of the same issue. For settlement, the time to maturity of a given issue is calculated in complete one month increments (e.g., 4 years, 5 months, and 14 days is taken to be 4 years and 5 months) from the first day of the delivery month. The price at which a note with this time to maturity and with the same coupon rate as this issue will yield 6%, according to bond tables prepared by the Financial Publishing Co. of Boston, Mass., is multiplied by the settlement price to arrive at the amount at which the short invoices the long. Fannie Mae Benchmark Notes and Freddie Mac Reference Notes deliverable against futures contracts under these regulations must have semi-annual fixed coupon payments.

Interest accrued on the notes shall be charged to the long by the short on the basis of a 360 - day year consisting of twelve 30 - day months.

New issues of Fannie Mae Benchmark Notes and Freddie Mac Reference Notes which satisfy the standards in this regulation shall be added to the deliverable grade as they are issued. To be eligible for delivery in the current month, the newly issued notes must have been issued and settled at least three business days before the first eligible day for delivery (see 5742.01).

If during the issuance of notes Fannie Mae or Freddie Mac re-opens an existing issue, thus rendering the existing issue indistinguishable from the newly issued one, the older issue would be deliverable if it meets the following standards. The reopening must have an original issue size of at least \$3 billion, and meet the maturity standards of this chapter at the time of the reopening.

The Exchange reserves the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status.

5742.01 Deliveries of Futures Contracts - Deliveries against Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 5780.01) in accordance with Department of Housing and Urban Development Title 24 CFR Part 81. Delivery must be made no earlier than the first business day of the month and no later than the last business day of the month. Notice of intention to deliver shall be given to the Board of Trade Clearing Corporation by 8:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time) on delivery day. The short Clearing Member must have contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes in place at his bank in acceptable (to his bank) delivery form no later than 10:00 a.m. (Chicago time) on delivery day. The short Clearing Member must notify his bank (Regulation 5780.01) to transfer contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes by book-entry to the long Clearing Member's account at the long Clearing Member's bank on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time) and notify his bank (Regulation 5780.01) to accept contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 5780.01) in payment for delivery of the notes. Contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes must be transferred and payment must be made before 1:00 p.m. (Chicago time) on delivery day. All deliveries must be assigned by the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such notices of intention to deliver as it received from its customers who are short. (02/01/01)

5742.02 Wire Failure - In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the long Clearing Member's bank or the short Clearing Member's bank access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. (Chicago time) on the next business day on which the Federal Reserve wire is operable. Interest shall accrue to the long paid by the short beginning on the day at which the notes were to be originally

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delivered.

In the event of such failure, both the long and short must provide documented evidence that the instructions were given to their respective banks in accordance with Regulations 5742.01 and 5749.04 and that all other provisions of Regulations 5742.01 and 5749.04 have been complied with. (02/01/01)

5746.01 Date of Delivery - Delivery of Medium Term Fannie Mae Benchmark Notes or Freddie Mac Reference Notes may be made by the short upon any permissible delivery day of the delivery month the short may select. Delivery of Medium Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes must be made no later than the last business day of that month. (02/01/01)

5747.01 Delivery Notices - (See Regulation 1047.01) (02/01/01)

5748.01 Method of Delivery - (See Regulation 1048.01) (02/01/01)

5749.00 Time of Delivery, Payment, Form of Delivery Notice - (See Rule 1049.00) (02/01/01)

5749.02 Buyer's Report of Eligibility to Receive Delivery - (See Regulation 1049.02) (02/01/01)

5749.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing House by 2:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing House by 3:00 p.m. (Chicago time), or by such other time designated by the Board of Directors. Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed, by placing them in buyers' mail boxes provided for that purpose in the Clearing House. (02/01/01)

5749.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. (Chicago time) on the day of delivery, except on banking holidays when delivery must be taken and payment made before 9:30 a.m. (Chicago time) the next 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 by-laws and resolutions. (02/01/01)

5749.05 Buyers Banking Notification - The long Clearing Member shall provide the short Clearing member by 4:00 p.m. (Chicago time) on the day of intention, one business day prior to delivery day, with a Banking Notification. The Banking Notification form will include the following information: the identification number and name of the long Clearing Member; the delivery date; the notification number of the delivery assignment; the identification number and name of the short Clearing Member making delivery; the quantity of the contract being delivered; the long Clearing Member's bank, account number and specific Federal Wire instructions for the transfer of Fannie Mae Benchmark Notes or Freddie Mac Reference Notes. (02/01/01)

5750.00 Duties of Members - (See Rule 1050.00) (02/01/01)

5751.01 Office Deliveries Prohibited - (See Regulation 1051.01) (02/01/01)

5754.00 Failure to Accept Delivery - (See Rule 1054.00) (02/01/01)

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5780.01 Banks - For purposes of these regulations relating to trading in Medium Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes, the word "Bank" (Regulation 5742.01) shall mean a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and with capital (capital, surplus and undivided earnings) in excess of one hundred million dollars (\$100,000,000). (02/01/01)

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Chapter 58A

Medium Term Fannie Mae(R)Benchmark Notes(SM) and Freddie Mac  
Reference Notes(SM) Futures Options  
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Medium Term Fannie Mae(R)Benchmark Notes(SM) and  
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\*Note: These contacts are listed for trading by the Chicago Board of Trade  
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pursuant to Commodity Futures Trading Commission exchange certification  
procedures.

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A58601.00 Authority - (See Rule 2801.00) (02/01/01)  
A5801.01 Application of Regulations - Transactions in put and call options on  
Medium Term Fannie Mae(R) Benchmark Notes(SM) and Freddie Mac Reference  
Notes(SM) futures contracts shall be subject to the general rules of the  
Association as far as applicable and shall also be subject to the regulations  
contained in this chapter which are exclusively applicable to trading in put and  
call options on Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference  
Note futures contracts. (See Rule 490.00.) Options on Medium Term Fannie Mae  
Benchmark Note and Freddie Mac Reference Note futures are listed for trading  
pursuant to Commodity Futures Trading Commission exchange certification  
procedures. (02/01/01)

A5802.01 Nature of Medium Term Fannie Mae Benchmark Note and Freddie Mac  
Reference Note Futures Put Options - The buyer of one (1) Medium Term Fannie Mae  
Benchmark Note and Freddie Mac Reference Note futures put option may exercise  
his option at any time prior to expiration (subject to Regulation A5807.01), to  
assume a short position in one (1) Medium Term Fannie Mae Benchmark Note and  
Freddie Mac Reference Note futures contract of a specified contract month at a  
striking price set at the time the option was purchased. The seller of one (1)  
Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures put  
option incurs the obligation of assuming a long position in one (1) Medium Term  
Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract of a  
specified contract month at a striking price set at the time the option was  
sold, upon exercise by a put option buyer. (02/01/01)

A5802.02 Nature of Medium Term Fannie Mae Benchmark Note and Freddie Mac  
Reference Note Futures Call Options - The buyer of one (1) Medium Term Fannie  
Mae Benchmark Note and Freddie Mac Reference Note futures call option may  
exercise his option at any time prior to expiration (subject to Regulation  
A5807.01), to assume a long position in one (1) Medium Term Fannie Mae Benchmark  
Note and Freddie Mac Reference Note futures contract of a specified contract  
month at a striking price set at the time the option was purchased. The seller  
of one (1) Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note  
futures call option incurs the obligation of assuming a short position in one  
(1) Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures  
contract of a specified contract month at a striking price set at the time the  
option was sold, upon exercise by a call option buyer. (02/01/01)

A5803.01 Trading Unit - One (1) Medium Term Fannie Mae Benchmark Note and  
Freddie Mac Reference Note futures contract of a specified contract month on the  
Chicago Board of Trade. (02/01/01)

A5804.01 Striking Prices - Trading shall be conducted for put and call  
options with striking prices in integral multiples of one-half (1/2) point per  
Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures  
contract. At the commencement of trading for such option contracts, the  
following strike prices shall be listed: one with a striking price closest to  
the previous day's settlement price on the underlying Medium Term Fannie Mae  
Benchmark Note and Freddie Mac Reference Note futures contract, the next twelve  
consecutive higher and the next twelve consecutive lower striking prices closest  
to the previous day's settlement price; and all strike prices listed for all  
other option contract months listed at that time. If the previous day's  
settlement price is midway



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between two striking prices, the closest price shall be the larger of the two. When a sale in the underlying Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract occurs at a price greater than or equal to the twelfth largest striking price, a new striking price one increment higher than the existing striking prices will be added. When a sale in the underlying Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract occurs at a price less than or equal to the twelfth smallest striking price, a new striking price one increment lower than the existing striking prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all options contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions. (02/01/01)

A5805.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased. (02/01/01)

A5806.01 Option Premium Basis - The premium for Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options shall be in multiples of one sixty-fourth (1/64) of one point (\$1,000) of a Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract which shall equal \$15.63 per 1/64 and \$1,000 per full point.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$15.00 in \$1.00 increments per option contract

If options are quoted in volatility terms, the minimum price fluctuation shall be .10 percent (e.g., 10.0%, 10.1%, 10.2%, etc.). (02/01/01)

A5807.01 Exercise of Option - The buyer of a Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on such day. Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. (Chicago time) on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions; and
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. (Chicago time) on the last day of trading. (02/01/01)

A5807.02 Automatic Exercise - Notwithstanding the provisions of Regulation 5807.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Corporation.

Notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m. (Chicago time), or by such other time designated by the Board of Directors, on the last day of trading, except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. (Chicago time) on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions; and
- iii) in exceptional cases involving a customer's inability to communicate to the member firm

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exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. (Chicago time) on the last day of trading. (02/01/01)

A5808.01 Expiration of Option - Unexercised Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options shall expire at 10:00 a.m. (Chicago time) on the first Saturday following the last day of trading. (02/01/01)

A5809.01 Months Traded In - Trading in Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options may be scheduled in such months as determined by the Exchange. For options that are traded in months in which Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the October or November option contract is the December futures contract. (02/01/01)

A5810.01 Trading Hours - The hours of trading of options on Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contracts shall be determined by the Board. On the last day of trading in an expiring option, the closing time for such option shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract, subject to the provisions of the second paragraph of Rule 1007.00. Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct. (02/01/01)

A5811.01 Position Limits and Reportable Positions - (See Regulation 425.01) (02/01/01)

A5812.01 Margin Requirements - (See Regulation 431.05) (02/01/01)

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A5813.01 Last Day of Trading - No trades in Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures put and call options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contract on the last Friday which precedes by at least two business days the last business day of the month preceding the option month./1/ If such Friday is not a business day, or there is a Friday which is not a business day which precedes by one business day the last business day of the month preceding the option month, the last day of trading will be the business day prior to such Friday. (07/01/01)

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Appendix Summary

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\* Not reprinted in Rulebook. Copies are available from the Secretary's Office.

## APPENDIX 2

	VOTE	COMMITTEE APPOINTMENTS	CBOE TRADING PRIVILEGES	DISSOLUTION RIGHTS
FULL	Yes	Yes	Yes	Yes
AM	Yes (1/6)	Yes	No	1/6 of Full Members Share
COM	None	As Advisor	No	.005 of Full Members Share
GIM	None	As Advisor	No	.11 of Full Members Share
IDEM	None	As Advisor	No	.005 of Full Members Share
DELEGATES	None	Member of specified committees; Advisor on others	Only for Full Delegate	None

	TRADING PRIVILEGES	COMMUNICATION FROM EXCHANGE FLOOR
FULL	All CBOT (& CBOE) Contracts	Allowed in all contracts
AM	All Existing & Prospective Futures & Option Contracts in Government Instruments Mkt., Index, Debt & Energy Mkt., & Comm. Options Mkt.	Allowed only in contracts for which Trading Privileges are specified
COM	All Options Contracts listed on the Exchange	Allowed only in contracts for which Trading Privileges are specified
GIM	U.S. T-Bond, U.S. T-Note (6-10 yr.), (5 yr.), (2 yr.), Agency Note (Long-Term and Medium Term) & Interest Rate Swap futures	Allowed only in contracts for which Trading Privileges are specified
IDEM	30-Day Fed Funds, mini-sized Eurodollar, CBOT(R) DJIA(SM) Index, mini-sized DJIA(SM) Index, DJAIGCI(SM) Index, Muni Note Index, X-Fund, Silver & Gold futures	Allowed only in contracts for which Trading Privileges are specified
DELEGATES	Those contracts authorized for the specific Membership or Membership Interest.	In those contracts authorized for the Membership or Interest delegated

Appendix 2

CBOT(R) TRADING PRIVILEGE SUMMARY

(as of 01/01/03)

FULL MEMBERSHIP

- - All futures & options.

ASSOCIATE MEMBERSHIP

- - Treasury Bond, Long-Term Treasury Note, Medium-Term Treasury Note, Short Term Treasury Note, Long-Term Agency Note, Medium-Term Agency Note, 10-Year Interest Rate Swap, 5-Year Interest Rate Swap and CBOT(R) DJIA(SM) futures

and options;

- - 30-Day Fed Fund, Municipal Note Index, mini-sized Treasury Bond, mini-sized 10-Year Treasury Note, mini-sized Eurodollar, mini-sized N.Y. Gold, mini-sized N.Y. Silver, CBOT(R) DJ- AIG CI(SM), and mini-sized DJIA(SM) futures;

- - Corn, Oat, Rough Rice, Soybean, Soybean Meal, Soybean Oil and Wheat options.

GIM MEMBERSHIP INTEREST

- - Treasury Bond, mini-sized Treasury Bond, Long-Term Treasury Note, mini-sized 10-Year Treasury Note, Medium-Term Treasury Note, Short Term Treasury Note, Long-Term Agency Note, Medium-Term Agency Note, 10-Year Interest Rate Swap and 5-Year Interest Rate Swap futures.

IDEM MEMBERSHIP INTEREST

- - 30-Day Fed Fund, Municipal Note Index, mini-sized N.Y. Gold, mini-sized N.Y. Silver, X-Fund, CBOT(R) DJ-AIGCI(SM), CBOT(R) DJIA(SM), mini-sized Eurodollar and mini-sized DJIA(SM) futures.

COM MEMBERSHIP INTEREST

- - Treasury Bond, Long-Term Treasury Note, Medium-Term Treasury Note, Short Term Treasury Note, Long-Term Agency Note, Medium-Term Agency Note, 10-Year Interest Rate Swap, 5-Year Interest Rate Swap, CBOT(R) DJIA(SM), Corn, Oat, Rough Rice, Soybean, Soybean Meal, Soybean Oil and Wheat options.



APPENDIX 3A - GUIDELINES FOR GUESTS AND VISITORS WHILE ON THE EXCHANGE FLOOR OF THE CHICAGO BOARD OF TRADE

1. Bringing guests on the Exchange Floor is a privilege extended to all members who comply with the Rules pertaining thereto.
2. Guests shall be admitted to the Exchange Floor between 1/2 hour before the opening on each Floor and 1/2 hour after the close on each Floor.
3. No more than 50 guests shall be allowed on the Exchange Floor at any one time during trading hours.
4. A member may reserve a time for five guests, which reservation will be held no longer than ten minutes. Such reservation privileges will be denied if they are abused.
5. Guests must be accompanied by a member at all times. Both the guest and the host member will sign on to and off of the Floor. The guest will wear, on visible display, a guest badge. The member will be responsible for the guest's conduct on the Floor.
  6. A) A guest may remain on the Floor for a period of 30 minutes; if he has not signed out, he will be paged. It will be the member's responsibility to see that the guest leaves the Floor within five minutes of being paged and that the guest returns the badge to the Service Desk on the 4th Floor. Failure to return the guest badge immediately will subject the member to a minimum fine of twenty-five dollars.
    - B) At the end of the initial 30 minutes, a guest may ask to extend his visit for (a) subsequent period(s) of 30 minutes, although such extension(s) will not be granted if there are more than 50 guests on the Floor at any one time.
      - C) If necessary, an All Day Guest Pass may be obtained for a foreign visitor, firm executive, firm branch employee, customer or consultant (and other persons with the approval of the Floor Conduct Committee Chairman) by completing a short application form at the fourth floor Service Desk. Except for the 30-minute time limit, the same guidelines apply to All Day Guests, including the requirement that they be accompanied at all times by a member.
7. No privileges other than admittance to the Floor may be extended to a guest. A guest is specifically prohibited from performing any functions of an employee of a member or of a member firm. Entering a trading pit, using a telephone, using the market display equipment and blocking the area are also prohibited.
8. Guests of management for business purposes only shall be allowed in the Exchange Floor.
9. The President of the Exchange may issue special permits beyond the above limit (five individuals) when he deems it in the interest of the Exchange to do so. On a case-by-case basis, he may schedule admission to the Floor for small groups who have made appropriate arrangements.

(Tour Groups: can be no larger than 12, can visit between the hours of 10:30 a.m. and 12:15 p.m., must be escorted at all times, are limited to 15 minutes per tour, will be limited to no more than two groups on the Floor at any one time, and all such groups must be coordinated through the Communications Department.)
10. No other guests of staff members may be allowed on the Exchange Floor.
11. Members shall accompany guests in the Member's cafeteria.
12. No guests may be allowed on the Exchange Floor more than five times in one month.
13. No guest may be allowed on the Exchange Floor who is under twelve years of age.
14. Members who violate and/or allow their guest(s) to violate any of these guidelines may be denied visitor's privileges for a period of up to six months and/or fined appropriately.

APPENDIX 3B - INSTRUCTIONS FOR FLOOR CLERK ACCESS TO  
THE FLOOR OF THE BOARD OF TRADE OF THE CITY OF CHICAGO

Please be advised that access to the Floor of the Board of Trade of the City of Chicago (hereinafter referred to as the Exchange) is a right of membership. Associate Members and GIM, IDEM and COM Membership Interest Holders have floor access rights only with respect to specified contracts (See Rules 211.00, 291.00, 292.00 and 293.00). Any and all access by non-members is solely a privilege extended by the membership for the strictly limited purposes outlined below. Any violation of any of these instructions shall be just cause for the revocation of the privilege.

Functions and Responsibilities of Floor Clerks on the Exchange Floor:

A. Floor Clerks and Trainee-Floor Clerks may perform only the following duties and no others while on the Floor of the Exchange:

1. Receive messages (including trading cards and written orders) from their employers or members representing such employers;

2. Deliver said messages (including trading cards and written orders) and communicate orders to the pit from their position or communication instrument by use of hand signals or verbal communication;

3. Write broker's cards from endorsed orders, endorse orders from broker's cards and write the brokers' acronym on the broker's order, during trading hours on the Exchange Floor and for a reasonable period of time thereafter;

4. Operate order processing terminals;

5. Receive and write up orders from, and report order status to, their employers and their employers' duly registered Associated Persons, Introducing Brokers, proprietary traders and customers with respect to commodities traded on the Floor;

6. Communicate information of any nature directly to an individual Member, provided that the information communicated may only concern a contract which is within that individual Member's membership category;

7. Communicate information of any nature to a trader who is trading for the proprietary account of the clerk's member firm employer or for the proprietary account of a firm which has one of the following relationships to the clerk's member firm employer:

- 100% parent firm;
- Wholly owned subsidiary; or
- Affiliate through a common 100% parent firm;

8. Provide market information (not the clerk's own personal opinion) regarding activities on the Floor to any of the following:

- duly registered Associated Persons of the clerk's member firm employer;
- duly registered Introducing Brokers of the clerk's member firm employer; and
- established customers of the clerk's member firm employer;

For the purposes of this section 8., an "established customer" shall be defined as an individual or entity which has an open and active trading account with the clerk's member firm employer.

A clerk may initiate contact with any of the foregoing to provide market information provided that the clerk expresses no personal opinion regarding market direction or specific trades.

A clerk may relay the opinions of a member or of the clerk's member firm employer with the prior approval of such member or member firm employer to any of the following:

- duly registered Associated Persons of the clerk's member firm employer;
- duly registered Introducing Brokers of the clerk's member firm employer; and

- established customers of the clerk's member firm employer.

9. Initiate contact with a customer of the clerk's member firm employer to report the status of that customer's order;

Floor Clerks and Trainee-Floor Clerks may not, while on the Floor of the Exchange, perform any other duties except those explicitly prescribed above. The following Exchange Floor activities are permissible only for members and only with respect to the contracts in which they have membership privileges. The following activities are prohibited for Floor Clerks and Trainee Floor Clerks:

1. Soliciting customer business;
2. Trading for their own accounts or having any interest in a trading account, except as prescribed in Regulation 301.05;
3. Being an RCR or an Associated Person, a Commodity Pool Operator or a Commodity Trading Advisor under the Commodity Exchange Act.
4. Initiating orders or trades of any sort, including arbitrage;
5. Exercising discretion of any sort with respect to any order, including arbitrage;
6. Loitering by or in the trading pits;
7. Being compensated on a commission or per contract basis.

B. Trade Checkers (only) may perform only the following duty and no others -----  
while on the Floor of the Exchange.

1. Check and reconcile trades of, for, and on behalf of their member firm employers. Absent extraordinary circumstances, the Floor Governors Committee would expect such Trade Checkers to be off the Floor of the Exchange by 10:30 a.m.

This 10:30 a.m. limitation does not apply to floor clerks who are employed by individual members.

Trade Checkers may not, while on the Floor of the Exchange, perform any other -----  
duties except that explicitly prescribed above. The following is a list of the most common abuses of the Trade Checker privilege:

1. Loitering by or in the trading pits or congregating in unassigned areas;
2. Communicating in any manner with members or member firms;
3. Entering verbal orders with members or member firms;
4. Trading for their own accounts;
5. Being or acting in any other capacity, including chartist, with a member or member firm;
6. Being an RCR or Associated Person under the Commodity Exchange Act, as amended by the Commodity Futures Trading Commission Act of 1974.

C. Personnel

1. Emergency Personnel - See Floor Clerks and Trainee-Floor Clerks (Paragraph A above);
2. Summer Personnel - See Floor Clerks and Trainee-Floor Clerks (Paragraph A above);

D. Registered Commodity Representatives (RCRs) and Applicant Observers may -----  
perform only the following duty and no other while on the Floor of the Exchange:

1. Observe the various floor activities of the members and other privileged non-members who have been allowed access to the Floor. Such observation shall be limited to a period of two weeks (ten market days).

RCR Observers and Applicant Observers may not, while on the Floor of the Exchange, perform any other duties except that explicitly prescribed above. The following are the areas most prone to abuse and which the RCR Observer and Applicant Observer must be especially aware of:

1. Loitering by or in the Trading pits or congregating in unassigned areas;

2. Answering phones;
3. Placing verbal orders with members of member firms;
4. Writing orders;
5. Trading for their own accounts;
6. Being or acting in any other capacity, including chartist, with a member or member firm.

E. The Floor Conduct Committee has established a special broker assistant badge, in addition to a regular floor clerk badge, and has set up the following guidelines to be used in issuing this special badge.

A broker assistant badge will only be issued for the following purposes:

- a broker having a high volume of orders and who needs an assistant to hold and sort the orders;
- Consistent with these duties, a broker assistant also may communicate market information by means of hand signals and verbal communication.

A badge will not be issued if used for the following reasons:

- card counting - if a floor clerk is a card counter, he/she must quickly enter and take the cards and count them outside of the pit and;
- Information - a floor clerk who obtains information about other brokers or another commodity.

Please keep in mind that the abuses of the floor clerk badge will still be upheld for those issued a broker assistant badge, as follows:

1. Loitering by or in the trading pits or congregating in unassigned areas.
2. Not properly displaying their assigned floor badges.
3. Trading for their own accounts.
4. Being or acting in any other capacity, including chartist, with a member or member firm. A limited exception to this provision applies, only with respect to agricultural markets, as follows. Clearing firms may arrange with floor brokers to place clearing firm floor clerks in pits to perform broker assistant responsibilities for such floor brokers when conditions of high volume/high volatility occur. Such arrangements must be registered with the Exchange as prescribed by the Exchange. Under these arrangements, clearing firms will continue to be responsible for these clerks' supervision and compensation. When conditions of high volume/high volatility are not present, such clerks will return to their normal duties on behalf of their clearing firm employers.
5. Being an Associated Person under the Commodity Exchange Act, as amended by the Commodity Futures Trading Commission Act of 1974.

The committee advises members that the Board of Directors gave fining authority to the Floor Conduct Committee of up to \$500 for conduct violations of Floor Employees of Members. The fining authority begins December 21, 1981.

Your cooperation in this matter would be greatly appreciated.

F. The Exchange has established guidelines regarding the use of headsets in the Trading Pits:

1. Brokers' Assistants and Floor Clerks with headset privileges shall be subject to all applicable CBOT Rules and Regulations, including Rule 301.00; Regulations 301.01, 301.05 and 310.01; and this Appendix. In addition, members who either sponsor or employ an individual utilizing a headset are responsible for ensuring that the sponsored or employed individual complies with the Exchange's Headset Policy.

2. All members and member firms are eligible to receive authorization to utilize headsets. The authority to govern the administration of the use of headsets (including who has authorization and where an authorized individual may utilize the headset apparatus) rests with the Floor Committee. The Floor Committee should establish fair and equitable guidelines for

administering the use of headsets, and when administering its guidelines, the Floor Committee should consult with the relevant Pit Committee. The Floor Committee shall not arbitrarily deny any member or member firm the use of a headset.

3. Headsets may be worn by Brokers' Assistants, Floor Clerks, and Members who have been authorized by the Floor Committee. "Brokers' Assistants" and "Floor Clerks" as used in preceding sentence may include members and membership interest holders who do not have membership privileges in the contract for which the headset is being utilized.

4. A Broker's Assistant or Floor Clerk wearing a headset may communicate order information and fill information but may not communicate his or her personal opinion regarding activities in the trading pit including, but not limited to, interpretations of technical or fundamental market factors or perspective with respect to member trading sentiment or trading bias. Any other information may be communicated via a headset if the information has been conveyed to the headset operator directly by a member (providing that the member conveying the information has trading privileges in the relevant underlying market). In addition, Brokers' Assistants and Floor Clerks wearing headsets may communicate via a headset any market information that is clearly within the respective pit's "public domain". In other words, individuals who are wearing headsets may communicate any market information that has been "publicly" exposed to the respective trading pits. The member sponsor or member employer of the individual wearing the headset is responsible for the content and nature of any headset communications.

Only members on the floor may communicate with non-members located off the floor for the purposes of communicating or receiving market news and personal opinion regarding interpretations of technical or fundamental market factors or perspective with respect to a member's trading sentiment or trading bias. This level of communication is restricted to members with trading privileges in the respective contract who are located on the floor communicating with other members or non-members located either on or off of the trading floor.

5. Headsets may communicate between trading pits and from pit to Exchange floor booth spaces in any CBOT(R) trading room. This includes COM Membership Interest Holders communicating with a floor broker or the floor broker's broker assistant in a futures pit for the purposes of entering futures orders.

Direct communication via headsets located in or around the Exchange's trading pits to and from off-site locations is only allowed provided the individual assigned to a headset adheres to the following requirements when communicating with any individual off the Exchange floor:

- Headset communications shall be permissible between the DowSM pits and the floors of other exchanges which trade equity-related products.
- An individual member located outside a trading pit (e.g., at a floor booth or in an off-site office) may communicate via headset with a member or clerk in or around a trading pit provided that the individual member has trading privileges in the contract which is traded in the pit which the individual accesses.
- Members off the floor can enter orders via headsets for their customer, proprietary and personal accounts provided they have trading privileges in the respective contract.
- Members off the floor utilizing headsets for the purposes of entering customer orders directly into the pit must comply with Exchange audit trail regulations previously mandated by the CFTC which require that customer orders be: recorded on member firm floor order tickets; contain the account identification of the customer; contain an exchange designated time stamp upon receipt and upon confirmation of an execution. The Exchange provides a telephonic link between the booth and the pit to allow for a floor broker to communicate directly with a member who is located off the floor, while simultaneously allowing personnel at the member firm's booth to record the required audit trail information.

- Floor brokers who utilize headsets in conjunction with an electronic order routing/endorsement system are not required to maintain a booth to pit link provided that customer orders are entered electronically and the order entry system provides the requisite audit trail.
- Floor brokers receiving orders from another member not present on the Exchange Floor may record such trades on their trading cards in lieu of obtaining an order ticket. However, the executing member must record the order instructions, account designation, and execution time on the member's order.
- Only Members located on the floor may communicate with non-members located off the floor for the purpose of placing orders for the member's personal trading account or the member firm's proprietary account in CBOT contracts and non-CBOT markets.
- Members or members' broker assistants located on the floor may communicate with non-members located off of the trading floor to accept orders or instructions to change orders from the non-member for agricultural and financial futures and options contracts. The requisite audit trail requirements must be met utilizing the booth to pit link unless the FCM authorizes the executing floor broker to accept the non-member's order without the booth to pit link. Under such authorization of the FCM, the executing floor broker is responsible for meeting all audit trail requirements including: recording customer orders on member firm floor order tickets; recording the account identifier of the customer; and time stamping the customer order upon receipt and upon confirmation of an execution.

Member firms may also permit member or non-member employees (including APs) located off the floor to communicate orders for its proprietary or customer accounts directly to a floor broker or his broker assistant without requiring the booth to pit link upon the member firm's sole discretion. Under this provision, the floor broker would be responsible for capturing the required audit trail information.

6. Any and all headset communications must be voice recorded by the member or member firm authorized to use the headset(s). Members and member firms are permitted to utilize their own recording devices, providing that the devices meet reasonable standards with respect to quality and reliability, or members and member firms may utilize an Exchange administered voice recording system for a fee to be paid to the Exchange by the member or member firm utilizing the Exchange's system.

7. For reasons relating to the general safety and space concerns that arise out of the use of wired headsets, the Floor Committee is encouraged to facilitate, as the development of technology permits, a movement to a wireless headset only environment.

8. Authorization to use a headset does not entitle the authorized individual to a particular spot or site within a pit. In addition, Floor Clerks utilizing headsets may not loiter in the trading pits and must exit the trading pits when they are not conducting business. (06/01/01)

APPENDIX 3C - DRESS CODE

APPENDIX 3-C - DRESS CODE

Members and member firms must make every effort to ensure that their employees and guests conform to the Chicago Board of Trade's Dress Code, as hereafter defined. The Dress Code is designed to provide a safe and businesslike atmosphere on the trading floor for all members and employees; an individual may be refused access to the trading floor for violating the Dress Code. Members and Member firms are subject to fines and/or other disciplinary measures imposed by the Floor Conduct Committee for individual violations of the dress code and violations of the dress code by their employees.

The Chicago Board of Trade Dress Code requires "Business Dress Attire" to be worn at all times on the trading floor-not only during trading hours. "Business Dress Attire" is defined as conventional and businesslike attire which is neat, clean and presentable; does not pose a safety hazard or distraction to the wearer or others; and that which conforms to the following provisions:

- A) Jackets (Suit Coat, Blazer or a Trading Jacket as prescribed by the Association) must be worn on the trading floor by Members and employees at all times. No trading jackets from other Exchanges are allowed on the floor. Guests may not wear trading jackets on the Exchange floor during trading hours. The display of patches or buttons with crude or offensive slogans is prohibited.
- B) Badges, as prescribed by the Association, designating Member trading and access rights and non-member affiliation and access rights must be worn at all times. Badges must be worn in plain view, on the upper front of the jacket (not inside pockets or attached to lower pockets.) Badges from other Exchanges are prohibited. The wearing of out-dated, unauthorized or lapsed membership badges from the Exchange is prohibited. Badges must not be defaced, altered, or affixed with stickers or pictures not approved by the Association.
- C) Men must wear ties (bow ties or neckties) at all times on the trading floor, with the exception of days when there is an early close for any part of the Exchange. Ties must be in good condition, knotted in a conventional manner, and drawn up to at least the second button from the collar. Collared shirts that can be worn with a tie must be worn at all times on the trading floor and must be neat, presentable and businesslike. Shirts must be clean, neat, presentable, tucked in and buttoned up to at least the second button from the collar. Golf-type shirts are permitted. Turtleneck sweaters for men are not allowed. Crewneck sweaters worn over a collared shirt are permitted if a necktie is visible; a trading jacket must also be worn. Shirts with offensive, crude or distracting slogans or pictures are prohibited. Pants or slacks must be neat, presentable and businesslike. Work pants, athletic pants and blue jeans are prohibited.
- D) Women must wear pants, skirts or dresses that are neat, presentable, and businesslike. Skirts may be no shorter than two inches above the knee and must be significantly longer than the trading coat. Full, generously cut, businesslike split skirts may be worn. Shirts, blouses, sweaters or other tops must be neat, presentable, and businesslike. Shirts with offensive, crude or distracting slogans or pictures are prohibited. Work pants, athletic pants and blue jeans are prohibited. Attire should not expose the body in an inappropriate manner (e.g. bare midriffs, backs or thighs.)

- E) Shoes must be worn at all times. Shoes must neither be of a design nor worn in a manner which presents a safety hazard. Slippers and sandals with no backs are prohibited. Women may wear slingback or open-toe sandals that are businesslike. High platform shoes or high heeled shoes or boots with soles and/or heels greater than three inches are not permitted. Athletic shoes are permitted. Shoes must be in neat condition and must be tied or fastened at all times.
- F) Shirts: T-Shirts, sweatshirts, athletic jerseys, hooded shirts, flannel shirts, hospital scrubs and shirts bearing messages, advertisements, pictures or slogans are prohibited. Attire should not expose the body in a manner inappropriate for business (e.g. bare midriffs, chests, or backs.)
- G) Pants: The following are all prohibited: blue jeans, stone washed jeans, bib overalls, fatigues, tie dyes, shorts of any kind, tightly fitting stretch pants, spandex pants, bicycling pants, painter pants, sweat pants, athletic/exercise pants, pants with elastic at the ankles, tights worn in lieu of pants, pants with slogans, advertisements, or work loops, and any pants shorter than 2 inches above the ankle.
- H) Piercing & Jewelry: Jewelry may not be worn if it presents a safety hazard to the wearer or others.
- I) Miscellaneous: All headgear or head coverings are prohibited, except for religious reasons. Sunglasses are prohibited unless they have prescription lenses.

In Summary: All dirty, frayed, faded, torn, badly wrinkled, revealing or unbusinesslike clothing is prohibited. All clothing intended for athletic activity or appropriate for manual labor is prohibited. Attire, worn by members, employees or their guests, which exposes the body in a manner inappropriate for a business atmosphere is prohibited from the trading floor at all times.

While the foregoing is comprehensive and employers and security staff shall enforce the dress code as defined above, they are not limited to the specific examples given. 02/01/02



## Appendix 3D

APPENDIX 3D - CHICAGO BOARD OF TRADE PIT OPENINGS AND  
CLOSINGS/ELECTRONIC TRADING HOURS

Commodity Code	Commodity	Symbol		Open	Close	Type	Room
		pit	a/c/e				
W	Wheat	W	ZW	9:30 am	1:15 pm	Regular	Main
W	Wheat Options (Puts) (Calls)	WZ WY	OZW	9:30 am	1:15 p.m.	Regular Regular	Main Main
C	Corn	C	ZC	9:30 am	1:15 pm	Regular	Main
C	Corn Options (Puts) (Calls)	PY CY	OZC	9:30 am	1:15 pm	Regular Regular	Main Main
O	Oats	O	ZO	9:30 am	1:15 pm	Call	Main
O	Oats Options (Puts) (Calls)	OV OO	OZO	9:30 am	1:15 pm	Call Call	Main Main
S	Soybeans	S	ZS	9:30 am	1:15 pm	Regular	Main
S	Soybean Options (Puts) (Calls)	PZ CZ	OZS	9:30 am	1:15 pm	Regular Regular	Main Main
2F	Agency Notes (10 Year)	DN	AN	7:20 am	2:00 pm	Regular	Financial
2F	Agency Notes (10 Year) Options (Puts) (Calls)	DNP DNC	OAN	7:20 am	2:00 pm	Regular Regular	Financial Financial
2G	Agency Notes (5 year)	DF	AF	7:20 am	2:00 pm	Regular	Financial
2GP 2GC	Agency Notes (5 Year) Options (Puts) (Calls)	DFP DFC	OAF	7:20 am	2:00 pm	Regular Regular	Financial
06	Soybean Meal	SM	ZM	9:30 am	1:15 pm	Call	Main
06	Soybean Meal Options (Puts) (Calls)	MZ MY	OZM	9:30 am	1:15 pm	Call Call	Main Main
07	Soybean Oil	BO	ZL	9:30 am	1:15 pm	Call	Main
07	Soybean Oil Options (Puts) (Calls)	OZ OY	OZL	9:30 am	1:15 pm	Call Call	Main Main
11	CBOT (R) DJIA (SM) Index	DJ	ZD	7:20 am	3:15 pm	Regular	Financial
11	CBOT (R) DJIA (SM) Index Options (Puts) (Calls)	DJP DJC	OZD	7:20 am	3:15 pm	Regular Regular	Financial Financial
14	Rough Rice Futures	RR	ZR	9:15 a.m.	1:30 p.m.	Regular	Main
14	Rough Rice Options (Puts) (Calls)	RRP RRC	OZR	9:15 a.m.	1:30 p.m.	Regular Regular	Main Main
**	X-Fund Futures	**		9:15 a.m.	1:15 p.m.	Regular	Financial

\*See Electronic Trading Schedule (a/c/e/ trading only).

\*\*X-Fund codes/ticker symbols established as applicable/per contract.

## Appendix 3D

Commodity Code	Commodity	Symbol	Open	Close	Type	Room
		pit a/c/e				
17	T-Bonds	US ZB	7:20 am	2:00 pm	Regular	Financial
17	T-Bonds Options (Puts) (Calls)	PG OZB CG	7:20 am	2:00 pm	Regular Regular	Financial Financial
21	T-Notes (6 1/2- 10 Year)	TY ZN	7:20 am	2:00 pm	Regular	Financial
21	Long Term T-Note Options (Puts) (Calls)	TP OZN TC	7:20 am	2:00 pm	Regular Regular	Financial Financial
25	T-Notes (5 Year)	FV ZF	7:20 am	2:00 pm	Regular	Financial
25	Medium Term T-Note Options (Puts) (Calls)	FP OZF FL	7:20 am	2:00 pm	Regular Regular	Financial Financial
26	T-Notes (2 Year)	TU ZT	7:20 am	2:00 pm	Regular	Financial
26	Short Term T-Note Options (Puts) (Calls)	TUP OZT TUC	7:20 am	2:00 pm	Regular Regular	Financial Financial
41	30-Day Fed Fund	FF ZQ	7:20 am	2:00 pm	Regular	Financial
42	10-year Municipal Note Index	MB ZU	7:20 am	2:00 pm	Regular	Financial
AI	CBOT(R)DJ-AIGCI Index	AI	*	*	n/a	n/a
NG	5-Year Interest Rate Swap	NG SA	7:20 a.m.	2:00 p.m.	Regular	Financial
NI	10-Year Interest Rate Swap	NI SR	7:20 am	2:00 pm	Regular	Financial
YE	mini-sized Eurodollars (first 20 months)	YE	*	*	n/a	n/a
YE	mini-sized Eurodollars (deferred months)	YE2	*	*	n/a	n/a
YG	mini-sized N.Y. Gold	YG	*	*	n/a	n/a
YH	mini-sized T-Bonds	YH	*	*	n/a	n/a
YI	mini-sized N.Y Silver	YI	*	*	n/a	n/a
YM	mini-sized Dow(SM) (\$5 mult.)	YM	*	*	n/a	n/a
YN	mini-sized T-Notes (10 Yr.)	YN	*	*	n/a	n/a

\*See Electronic Trading Schedule (a/c/e trading only).

## SUPPLEMENTAL INFORMATION

See pertinent contract chapters re: last trading day closing times for expiring futures.

Wheat Options open by call.

DJIA(SM) Index, Corn, Soybean, Rough Rice and Wheat Options will close by call on the last day in an expiring series.

Appendix 3D

Electronic Trading Schedule

	trading session begins	trading session ends
<b>*Financials</b> (futures & options)		
Monday	8:00 p.m. Sunday	4:00 p.m. Monday
Tuesday	8:00 p.m. Monday	4:00 p.m. Tuesday
Wednesday	8:00 p.m. Tuesday	4:00 p.m. Wednesday
Thursday	8:00 p.m. Wednesday	4:00 p.m. Thursday
Friday	8:00 p.m. Thursday	4:00 p.m. Friday
<b>Grains &amp; Soybean Complex</b> (futures & options)		
Monday	8:30 p.m. Sunday	6:00 a.m. Monday
Tuesday	8:30 p.m. Monday	6:00 a.m. Tuesday
Wednesday	8:30 p.m. Tuesday	6:00 a.m. Wednesday
Thursday	8:30 p.m. Wednesday	6:00 a.m. Thursday
Friday	8:30 p.m. Thursday	6:00 a.m. Friday
<b>CBOT(R) DJIA (SM) Index</b> (futures & options)		
Monday	8:15 p.m. Sunday	7:00 a.m. Monday
Tuesday	8:15 p.m. Monday	7:00 a.m. Tuesday
Wednesday	8:15 p.m. Tuesday	7:00 a.m. Wednesday
Thursday	8:15 p.m. Wednesday	7:00 a.m. Thursday
Friday	8:15 p.m. Thursday	7:00 a.m. Friday
<b>CBOT(R) mini-sized Dow (SM) (\$5) Index (futures)</b>		
Monday	8:15 p.m. Sunday	4:00 p.m. Monday
Tuesday	8:15 p.m. Monday	4:00 p.m. Tuesday
Wednesday	8:15 p.m. Tuesday	4:00 p.m. Wednesday
Thursday	8:15 p.m. Wednesday	4:00 p.m. Thursday
Friday	8:15 p.m. Thursday	4:00 p.m. Friday
<b>mini-sized NY Silver &amp; Gold (futures)</b>		
Monday	8:15 p.m. Sunday	1:45 p.m. Monday
Tuesday	8:15 p.m. Monday	1:45 p.m. Tuesday
Wednesday	8:15 p.m. Tuesday	1:45 p.m. Wednesday
Thursday	8:15 p.m. Wednesday	1:45 p.m. Thursday
Friday	8:15 p.m. Thursday	1:45 p.m. Friday
<b>CBOT(R) DJ-AIGCI (SM) (futures)</b>		
Monday thru Friday	8:15 a.m.	1:30 p.m.

(01/01/03)

\* T-Bonds, T-Notes (2 Year, 5 Year and 6 1/2 - 10 Year), Agency Note (10 Year and 5 Year), and Interest Rate Swap (10 Year and 5 Year) Futures & Options; Municipal Note Index, 30-Day Fed Funds, mini-sized T-Bond, mini-sized 10 Yr. T-Note and mini-sized Eurodollar Futures

Appendix 3E

APPENDIX 3E - CONTRACT MONTH SYMBOLS

First Year Month Symbols

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January -	F	April -	J	July -	N	October -	V
February -	G	May -	K	August -	Q	November -	X
March -	H	June -	M	September -	U	December -	Z

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Second Year Month Symbols

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January -	A	April -	D	July -	L	October -	R
February -	B	May -	E	August -	O	November -	S
March -	C	June -	I	September -	P	December -	T

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Third Year Month Symbols

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Same as first year symbols with the year noted.

APPENDIX 3G - GUIDELINES - BADGE VALIDATION AND RETURN

1. In each of the following circumstances, the referenced individual's membership floor access badge must be returned to the Member Services and Member Firm Staff Services ("Member Services") Department as indicated if the transaction involves the individual's only membership or all of his/her memberships:
  - a. A membership seller within 30 days the effective date of the membership sale; (Membership sale proceeds will not be released to the seller unless the badge has been returned).
  - b. A membership transferor within 30 days after the transfer has occurred.
  - c. A membership delegator within 30 days after the effectiveness of the delegation agreement.
2. Each membership delegate must return the applicable delegate badge to the Member Services Department within 30 days after the delegation agreement's termination or expiration.
3. Upon the effective date of any Exchange suspension of membership privileges, the suspended individual must return his/her membership floor access badge to the Member Services Department within 30 days of the effective date of the suspension for the suspension's duration.
4. Upon the termination or expiration of any delegation agreement, the Exchange will delete the terminated delegate's identifying acronym from Exchange computer records after the delegate's 30-day grace period expires.
5. Only Exchange-issued badges will be permissible for floor access. Sewn-on badges will not be permissible.
6. No member, membership interest holder or delegate will be relieved of responsibility for returning the badge, even if lost, without specific approval of the Floor Conduct Committee.

All cases involving lost membership floor access badges should be referred to the Member Services Department which shall have the authority to issue a replacement badge. Member Services will issue a replacement badge only to individuals with valid membership floor access privileges and who are current in their dues. Any problems or unusual circumstances involving a lost membership floor access badge will be referred to the Floor Conduct Committee.

All cases involving lost floor clerk badges will be referred to the Co-Chairman or, in his absence, the Vice-Chairman of the Floor Conduct Committee. No floor clerk will be issued a replacement badge or be relieved of responsibility for returning the badge without specific approval of the Co-Chairman or, in his absence, the Vice Chairman of the Floor Conduct Committee.

7. Floor clerk badge applicants must present acceptable identification when filing their applications. Exchange staff will verify member's co-signatures on floor clerk badge applications and will process such applications in no less than 24 hours after receipt.

PROCEDURES FOR RELIEF REQUESTS/FINANCIAL REQUIREMENTS

Procedures for Relief Requests Under CBOT Regulation 285.05 Financial  
-----  
Requirements and Related CFTC Regulations  
-----

A member FCM that has filed any relief request with the Exchange need not file such request with the CFTC. The Exchange will promptly advise the CFTC of the request and use its best efforts to provide the CFTC with all pertinent information available to the Exchange. "Relief request" means a request--

1. under CFTC Regulation 1.17(d) for exemption from the minimum debt/equity ratio;
2. under CFTC Regulation 1.17(e) to withdraw equity capital;
3. under CFTC Regulation 1.17(f)(2)(ii) for approval of consolidation;
4. under CFTC Regulation 1.17(f)(1)(v)(B) for approval of terms in a secured demand note relating to conditions for the making of a demand;
5. under CFTC Regulation 1.17(h)(2)(vii) to prepayment of subordinated borrowings;
6. under CFTC Regulation 1.17(h)(4) for approval of emergency subordination;
7. under CFTC Regulation 1.10(e) approval of a change in fiscal-year election; or
8. under CFTC Regulation 1.10(f) and Section 1.16(f) for a filing extension.

12/01/01



APPENDIX 4E - MINIMUM FINANCIAL REQUIREMENTS FOR AGRICULTURAL REGULARITY

The minimum financial requirements for firms which are regular to deliver agricultural products are:

1. Working Capital - (current assets less current liabilities) must be greater than or equal to \$2,000,000. Firms which do not have \$2,000,000 in Working Capital must deposit with the Exchange \$5,000 per contract which it is regular to deliver, up to a maximum of \$2,000,000, less SEC haircuts, as specified in SEC Rule 15c3-1(c)(2)(vi), (vii) and (viii) plus 3% in the event of liquidation;
2. New Worth - (Total assets less total liabilities) divided by the firm's allowable capacity (measured in contracts) must be greater than \$5,000; The net worth of a firm regular to deliver corn or soybeans must be greater than or equal to \$5,000,000. The operator of a shipping station issuing corn or soybean shipping certificates may only issue new shipping certificates when the total value of all outstanding shipping certificates and the new shipping certificates, at the time of issuance of the new shipping certificates, does not exceed 25% of net worth;
3. Each firm which is regular to deliver agricultural products is required to file a yearly certified financial statement within 90 days of the firm's year-end. Each such firm is also required to file within 45 days of the statement date an unaudited semi-annual financial statement. However, each operator of a shipping station issuing corn or soybean shipping certificates is required to file within 45 days of the statement dates unaudited quarterly financial statements for each of the three quarters which do not end on such firm's year-end. In addition, the Exchange may request additional financial information as it deems appropriate;
4. A Letter of Attestation must accompany all unaudited financial statements. The Letter of Attestation must be signed by the Chief Financial Officer or if there is none, a general partner, executive officer, or managerial employee who has the authority to sign financial statements on behalf of the firm and to attest to their correctness and completeness.
5. For the requirements for notification of capital reductions, see Regulation 285.03.
6. Any change in the organizational structure of a firm that is regular for delivery requires that the firm notify the Exchange prior to such change. Changes in organizational structure shall include, but not be limited to, a corporation, limited liability company, general partnership, limited partnership or sole proprietorship that changes to another form. Prior to any such change occurring, the firm is also required to notify the Exchange in writing of any name change.

11/01/01



Appendix 6A

APPENDIX 6A - FEE SCHEDULE: Member Claims

-----  
Amount of Claim  
-----

\$2,500 or less.....	\$150.00
More than \$2,500.....	\$250.00

-----  
Stenographic Fees\*  
-----

For attendance at a meeting:	
2-1/2 hour minimum.....	\$ 50.00
Per Hour.....	\$ 20.00
Per Half Hour.....	\$ 10.00
For transcript:	
Original per page.....	\$ 2.00/page
Carbon per page.....	\$ .90/page
Original per page (Daily copy).....	\$ 2.60/page
Carbon per page (Daily copy).....	\$ .90/page

-----  
\*Only for oral hearings.

Appendix 6B

APPENDIX 6B - FEE SCHEDULE: Customer and Non-Member Claims

-----  
Amount of Claim  
-----

\$2,500 or less.....	\$150.00
More than \$2,500.....	\$350.00

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Unassociated Arbitrators\*

\$50 per unassociated arbitrator per hearing\*\* for claims heard pursuant to Regulation 630.12 [\$2,500 or less] [minimum charge of \$150].

\$100 per unassociated arbitrator per hearing date\*\* for claims heard pursuant to Regulation 630.08 [more than \$2,500] [minimum charge of \$300].\*\*\*

-----  
Stenographic Fees\*  
-----

For attendance at a meeting:	
2-1/2 hour minimum.....	\$ 50.00
Per Hour.....	\$ 20.00
Per Half Hour.....	\$ 10.00
For transcript:	
Original per page.....	\$ 2.00/page
Carbon per page.....	\$ .90/page
Original per page (Daily copy).....	\$ 2.60/page
Carbon per page (Daily copy).....	\$ .90/page

-----

\* Optional

\*\* Hearings are normally scheduled for 2:15 p.m. and seldom last more than 2-1/2 hours. If a hearing lasts in excess of 2-1/2 hours, requires an additional hearing date, or is continued on less than 24 hours' notice to the Administrator, fees will be charged for an additional hearing date.

\*\*\* These direct incremental costs attendant upon the provision of unassociated arbitrators will be paid by the member in cases involving customer claims regardless of the outcome of the arbitration unless the arbitrators decide that the customer has acted in bad faith in initiating, or participating in, the arbitration proceeding. Such incremental costs shall be allocated between the parties in the arbitrators' discretion in cases involving non-member claims.

APPENDIX 9B - IMPLEMENTATION REGULATIONS OF e-cbot CONCERNING TECHNICAL EQUIPMENT

1 Definitions

1.1 Network

The Network (the "Network") includes the entirety of all hardware elements combined in each network node as well as all necessary components for the connection of the network nodes (transmission lines for telecommunications, etc.) which form the technical basis for the implementation of trading on e-cbot, Eurex Deutschland and Eurex Zurich (the "Alliance Exchanges"). The Network is constructed in a radial form and contains, as network nodes in particular, the central host node of e-cbot, the central host node of the Eurex Deutschland and Eurex Zurich ("the Eurex Exchanges"), and the access points and all components of Participant Front End Installations.

1.2 Electronic Data Processing System

The Electronic Data Processing System (the "EDP System") includes both the Network and the operation-ready installed application of one or more of the Alliance Exchanges.

1.3 Participant Front End Installation

A Participant Front End Installation consists of one or more computers which enable trading on e-cbot (a Participant Front End System according to subsection 1.4 or a Multi-Member- Front End System according to subsection 1.5) and Network components by which the connection to the Network is made. In addition, the Participant Front End Installation shall include all necessary components for the maintenance of such Exchange Participant's internal network connections (e.g., Gateways, Routers, etc.), provided that they are located in a network area reserved for the Exchange (the 'Logical Network'). Additional hardware elements are not components of the Participant Front End Installation, although they may be connected thereto, to the extent that they satisfy the interfacing demands established by the Exchange and - if required- have been registered at the Exchange.

1.4 Participant Front End System

A Participant Front End System consists of at least one Exchange Participant's computer integrated into the Network, and is equipped with sufficient capacity and data security options in order to secure the technical basis on the part of the Exchange Participant for participation on e-cbot. A Participant Front End System is a component of the Participant Front End Installation (subsection 1.3) and as such is part of the Network.

#### 1.5 Multi-Member-Integrated System Server

- (a) Two or more Exchange Participants may access e-cbot by means of a common Front End System (Multi-Member-Front End System), which is a component of the Front End Installation (subsection 1.3). In such cases, the Exchange Participants should notify the Exchange to adjust the capacity of the telecommunications connection accordingly. A Multi-Member Front End System should be installed as a 2-LAN configuration and connected as a MISS group with two servers.
- (b) CBOT Direct - e-cbot may maintain a MISS group as part of a Front End Installation through which one or more Exchange Participants may access e-cbot with the approval of their primary clearing member.

#### 1.6 Logical Network

The Logical Network includes, in addition to the Network, all components at the Exchange Participant's site which are connected for technical reasons to the Network. Such components must be located in a network area reserved for the Exchange.

#### 1.7 Data Transmission Equipment

Telecommunication within the Network occurs by means of Data Transmission Equipment, consisting of access points, routers and data transmission lines. A Participant Front End System or a Multi-Member Front End System shall always be connected by at least two data transmission lines to an access point.

#### 1.8 Network Parameters

Network Parameters are values, dependent on the network software and its underlying operating system software, which control the communication between computers within a network. Network Parameters are installed with standard settings prescribed by the Exchange upon the initial installation of the software relating to network functions.

#### 1.9 Auto-Quote Machines

Auto-Quote Machines are automatic quotation systems for options and futures. On the basis of pricing information and additional parameters determined by the Exchange Participant, quotes are automatically generated by an Auto-Quote Machine and transmitted into the EDP System.

#### 1.10 Electronic Eyes

Electronic Eyes are computer programs which continuously receive market prices of Exchange products from the EDP System and evaluate such market prices. As soon as the price of an order or quote which is received by the Electronic Eye lies within the range previously set by the Exchange Participant, the Electronic Eye automatically generates an order which is then transmitted through the programmable interfaces made available via the Participant Front End System to the EDP System for execution.

### 1.11 Third Party Software

Third party software is software which is not provided by or on behalf of e-cbot and which is connected by an Exchange Participant to the programmable interface of the EDP System.

### 1.12 Location

Subject to Regulation 9X.06, Location within the meaning of this provision means the entirety of all business premises occupied by an Exchange Participant within a building in which Participant Front End Installations have been installed for the purpose of active options and futures trading. Business premises in which Participant Front End Installations are only employed in emergencies or for the purpose of engaging in technical simulated tests are not deemed to constitute a Location within the meaning of this provision.

## 2 Connection to the EDP System

### 2.1 Requirements

Upon admission to participate in options and futures trading, the Exchange Participant is connected to the EDP System. This connection is subject to the Exchange Participant's compliance with Exchange Rules, including these Implementation Regulations. By the establishment of such connection, the EDP System shall not be compromised on the basis of Location or any other technical grounds. Each Exchange Participant undertakes to ensure that it is entitled to connect each of its Participant Front End Installations to the EDP System and to execute trading on e-cbot, according to the national laws and regulations effective in the country of each respective Location.

### 2.2 Installation of Participant Front End Installations

Each of an Exchange Participant's Front End Installations, if not employed in emergencies or for the purpose of participating in technical simulated tests (subsection 1.12) must be installed at a Location of the Exchange Participant and should be configured redundantly.

Upon receipt of prior notification from an Exchange Participant or from an applicant for Exchange admission, the Exchange may permit the installation and the operation of a Participant Front End Installation at the business premises of a third party engaged by the Exchange Participant or applicant for Exchange admission to operate such Participant Front End Installation, if the application of and compliance with the provisions of the rules and regulations of the Exchange and supplemental conditions thereto are ensured, in particular in respect of such third party. By means of appropriate agreements concluded with the third party, the Exchange Participant or applicant for Exchange admission shall secure the granting to the Exchange by the third party of the right to inspect the business premises of such third party at all times for the purpose of determining compliance with the requirements for the installation and operation of a Participant Front End Installation.

### 2.3 Installation of Several Participant Front End Systems

An Exchange Participant may apply for the connection of several Participant Front End Systems. The Exchange may limit the number of Participant Front End Systems applied for by an Exchange Participant for cause, including reasons relating to system performance.

### 2.4 Connection of Quote Machines/Electronic Eyes

Upon special application by an Exchange Participant, the Exchange may permit the connection of Auto-Quote Machines and/or Electronic Eyes to the EDP System through the programmable interfaces made available via the Participant Front End System, provided that the Exchange Participant continuously ensures that the Auto-Quote Machines and/or Electronic Eyes

- .. are installed at the Locations of the Exchange Participant and
- .. are given parameters which correspond to at least one member for the Exchange Participant and
- .. are controlled by at least one such person during trading hours.

## 3 Technical Requirements

The technical requirements set forth herein are binding on all Exchange Participants; divergence from such regulations shall require the written consent of the Exchange. The Exchange may at any time examine the configurations and Network Parameters of an Exchange Participant and require the modification of divergent values. In modifying such values, the Exchange Participant is required to effect such technical modifications to its Participant Front End Installation as are required by the Exchange within any timeframe imposed by the Exchange. Upon request from the Exchange, the Exchange Participant is obligated to grant the Exchange access to the technical infrastructure employed by it for establishing a connection with the EDP System to facilitate the carrying out of technical inspections. Such access and/or any right of inspection is subject to applicable local law. If modifications are not completed within the time frame imposed by the Exchange, the Exchange may restrict or bar the Exchange Participant's access to the EDP System.

## 4 Hardware

### 4.1 Requirements

EDP equipment which ensures the orderly execution of trading over the EDP System must be made available by Exchange Participants.

#### 4.2 Permitted Trading Platforms

The Alliance Exchanges shall specify permitted trading platforms for installation on the Participant Front End Installation connected to the EDP System.

#### 4.3 Approved Hardware Configurations

All hardware configurations planned by an Exchange Participant must be approved by the Exchange - by submitting the configuration questionnaire supplied by or on behalf of the Exchange and filled in by the Exchange Participant- prior to their installation; the same shall apply to modifications.

#### 4.4 Responsibility for Operation

The operation of the Participant Front End Installation (including integrated Routers) is the sole responsibility of the Exchange Participant. Each Exchange Participant shall guarantee that it will operate its Participant Front End Installation in an orderly manner, and that, by such operation, the operation and functionality of trading and clearing on the Alliance Exchanges shall not be compromised.

### 5 Software

#### 5.1 Exchange Software

The Exchange shall make available to the Exchange Participants the application software without source code. Subject to the rules and regulations of the Exchange, including these Implementation Regulations, an Exchange Participant is hereby granted a non-exclusive, non-transferable, revocable license to use the current version of the application software as made available by the Exchange solely for trading on e-cbot at an approved Location and may neither alter nor copy such software without the consent of the Exchange. The foregoing shall not apply to the production of copies of the application software if such copies are produced solely for data storage purposes. Each Exchange Participant is responsible for the installation of the application software on the components of his Participant Front-End installation.

#### 5.2 Participant's Operating System Software

The Exchange shall specify each version of the operating system software valid at the time, including all necessary components, used for operation of the current version of the application software on the Participant Front End Installation.

#### 5.3 Registration of Third Party Software

If an Exchange Participant intends to connect Third Party Software to the programmable interface of the EDP System, the Exchange Participant shall assign an electronic identifier to such Third Party Software before connecting it to the programmable interface, observing the Exchange's instructions as to the

systematic composition of such identifier, and shall have the Third Party Software registered at the Exchange.

Each Exchange Participant shall ensure that the identifier assigned to Third Party Software used by it will be sent together with each transmission to the EDP System, when the registered Third Party Software communicates with the EDP System via the programmable interface. In case the EDP System is impaired by the Third Party Software connected to the programmable interface, the Exchange may prohibit the connection of such software with immediate effect.

#### 5.4 Responsibility for the Use of Third Party Software

The application software made available by the Exchange includes interfaces for front and back office systems. The Exchange Participant itself is responsible for the software which uses these interfaces.

### 6 Extent of Use of Data Transmission Equipment

An Exchange Participant may use the Data Transmission Equipment which serves trading on e-cbot solely for trading on e-cbot unless otherwise approved in writing by the Exchange. However, the Exchange reserves the right to use the Data Transmission Equipment also for trading and clearing on other institutions.

### 7 Transmission Lines for Telecommunication

#### 7.1 Control of Transmission Lines

The Exchange shall control the lines for the entire physical network/Network. Installation and operation of the transmission lines for telecommunications which are necessary for the connection between the Participant Front End Installation and the Exchange shall be carried out by the Exchange or may be contracted out by the Exchange.

#### 7.2 Range of Transmission Lines

e-cbot shall make available a connection to the Location of the Exchange Participant, provided that the transmission paths and types of connection supported by e-cbot are available for such Exchange Participant and, under normal conditions and adequate expense, able to be established and operated while meeting the security and quality standards set forth by e-cbot.

#### 7.3 Connection to Network

A Participant Front End Installation may only be connected to the access point designated by the Exchange, and such connection must be by means of at least two transmission lines.



#### 7.4 Security Against Failure

In order to increase security against failure, Participant Front End Installations may be connected to the Network by means of more than two lines.

#### 7.5 Number of Transmission Lines

Notwithstanding these regulations, the Exchange can set a minimum and maximum number of the transmission lines necessary for an Exchange Participant to connect its Participant Front End Installation to the EDP System, to the extent that such action is necessary for reasons relating to system performance or for other serious reasons.

### 8 Network Parameters

#### 8.1 Specification of Network Parameters

To ensure the security of the Network and to protect the Participant Front End Installations, each Exchange Participant shall comply with the following Network Parameters.

- .. An Exchange Participant's computers which are not components of the Participant Front End Installation may only access the Participant Front End Systems of such Exchange Participant and may not access other computers in the Network;
- .. Only the computers of the Participant Front End Installation may access or be accessed from the Network;
- .. Unauthorized access by a Participant Front End Installation to the computers of the Alliance Exchanges is prohibited,
- .. Communication between Exchange Participants by means of the Network is prohibited.

#### 8.3 Compliance With Network Parameters

Upon installation of the Participant Front End Installation and Network components, the Exchange Participant shall establish and maintain the Network Parameters selected by the Exchange.

#### 8.4 Reservation of Network Areas

The Exchange reserves network areas for its Logical Network. The network areas selected by the Exchange can only be used for participation on the Exchange. Within its own network, each Exchange Participant may use any network areas that are not reserved for the Exchange.

## 8.5 Node Numbers/Node Names

The Exchange shall assign node numbers and node names for the entire Logical Network. Within the Network, only the nodes authorized by the Exchange by assignment of node numbers may communicate with the EDP System.

Consequently, no computer that has not received a corresponding node number from the Exchange may be connected by the Exchange Participants in the network areas reserved by the Exchange. The transfer of the assigned node number and the related node name to a computer with a function other than that as applied for is prohibited.

## 9 Emergency Plan

### 9.1 Responsibility

Each Exchange Participant is responsible for taking appropriate measures for emergency planning and management.

### 9.2 Emergency Computer Center

An Exchange Participant may establish an inactive emergency computer center (computer failure center) and, if necessary, may connect this center with an inactive line to an access point. The costs incurred by the Exchange shall in such case be paid by the Exchange Participant.

### 9.3 Connection Between Two Locations

If an Exchange Participant operates at two or more Locations, he may supply any two Locations with a connection in order to ensure breakdown protection in the event of a disruption of the connection between one Location and an access point.

## 10 Personnel

Each Exchange Participant is obligated to maintain a sufficient number of qualified personnel at all times during trading hours and to guarantee their availability by telephone in order to ensure the orderly operation of the components of the EDP System which are in the control of the Exchange Participant, particularly in order to take the necessary measures at the instruction of the Exchange in the event of a technical disruption. In addition, each Exchange Participant shall provide the Exchange with the name and telephone number of a person to be contacted in the event of a technical disruption.

## 11 Costs

### 11.1 Hardware and Software

The costs for the purchase, installation and maintenance of all hardware and software used by an Exchange Participant shall be borne by the Exchange Participant, and shall not be borne by the Exchange, provided that the application software referred to in subsection 5.1 shall be made available by the Exchange without additional cost.

### 11.2 Telecommunications Networks

The one-time and the continuing costs for establishing and operating the Network, including the expenses for telecommunications transmission lines, will be levied on Exchange Participants in the form of a fee established by the Exchange.

## 12 Technical Problems

### 12.1 Measures

During technical disruptions, the Board may suspend or restrict access to the EDP System for one, several or all Exchange Participants, regardless of whether such problems appear at one or more of the Alliance Exchanges or at one, several or all Exchange Participants. The Exchange may resume trading or re-commence after an interruption, even if one or several Exchange Participants still do not have access to the EDP System for e-cbot if in the opinion of the Board of Directors an orderly market continues to exist or is once again possible.

### 12.2 Information to Exchange Participants / Exchange Participants' Obligation to Cooperate

Exchange Participants are obligated to inform themselves about technical requirements and changes by means of the media made available by the Exchange. The Exchange shall, to the extent possible, inform the Exchange Participants without undue delay of any technical problems. In case of technical problems of the EDP System, Exchange Participants are obligated to grant the Exchange or its representatives access to their Locations in which Participant Front End Systems are installed for problem resolution.

### 12.3 Suspension of Options and Futures Trading

In the event of the suspension of trading on the basis of technical problems, the Exchange shall place the EDP System on 'halt status', so that no more inputs can be effected by Exchange Participants.

The resumption of trading after a trading suspension pursuant to the foregoing regulation shall begin with a new Pre-Trading Period pursuant to Regulation 9x.09. Subsequently, trading will proceed consistently with Exchange Rules and Regulations.

The Exchange shall inform Exchange Participants without delay of the reduced time of the trading period.

Appendix 10A

APPENDIX 10A - ELEVATORS IN THE CHICAGO AND BURNS HARBOR SWITCHING DISTRICTS  
(WHEAT & OATS)

Following is a listing of the elevators in the Chicago and Burns Harbor  
Switching Districts approved as regular for the delivery of Wheat and Oats  
through June 30, 2004:

WAREHOUSE	LOCATION	CAPACITY IN BUSHELS
Cargill, Inc.	Cargill Burns Harbor Portage, IN	5,473,000
Chicago & Illinois	Chicago	9,156,000
River Marketing LLC		

Note: All elevators are Federally licensed.

07/01/02

Appendix 10B

APPENDIX 10B - ELEVATORS IN THE ST. LOUIS AND EAST ST. LOUIS SWITCHING DISTRICTS  
(WHEAT)

Following is a listing of the elevators in the St. Louis, East St. Louis and  
Alton Switching districts approved as regular for the delivery of Wheat through  
June 30, 2004:

WAREHOUSE	LOCATION		CAPACITY IN BUSHELS
Archer-Daniels-Midland Co.	St. Louis St. Louis, MO	Elevator	2,154,000
Cargill Inc.	East St. Louis, IL	Elevator	2,481,000

Note: All Elevators listed are Federally licensed.

07/01/02

Appendix 10C

APPENDIX 10C - ELEVATORS IN THE MINNEAPOLIS AND ST. PAUL SWITCHING DISTRICTS  
(OATS)

Following is a listing of the elevators in the Minneapolis and St. Paul, MN Switching Districts which are approved as regular for the delivery of Oats through June 30, 2004:

WAREHOUSE	LOCATION		CAPACITY IN BUSHELS
Bunge North America, Inc.	Midway Minneapolis, MN	Elevator	2,643,000
	Port Bunge Savage, MN	Elevator	9,275,000
Cargill, Inc.	Port Elevator Savage, MN	Cargill "C"	13,762,000
Cenex Harvest States Co-Operatives	HSC Savage Savage, MN	Elevator	641,000
	Elevator #2 St. Paul, MN		1,400,000
	St. Paul St. Paul, MN	Elevator "M"	1,331,000
ConAgra, Inc.	Calumet Minneapolis, MN	Elevator	1,323,000
	Electric Steel Minneapolis, MN	Elevator	4,579,000
	Malt-One Minneapolis, MN	Elevator	2,348,000
	Marquette Minneapolis, MN	Elevator	3,830,000
	Shakopee Shakopee, MN	Elevator	1,122,000
General Mills Operations, Inc.	Delmar #4/Washburn Minneapolis, MN	C	9,636,000
	Washburn Checkerboard Minneapolis, MN	Elevator Elevator B	2,400,000
	Washburn Minneapolis, MN	D-Elevator T	4,047,000
	Fridley Fridley, MN	Elevator	4,955,000
	Washburn E. S00 Washburn, MN	Elevator	3,553,000

NOTE: ALL ELEVATORS ARE FEDERALLY LICENSED.

07/01/02

APPENDIX 10D

APPENDIX 10D - ELEVATORS IN THE TOLEDO, OHIO SWITCHING DISTRICT (WHEAT)

Following is a listing of the elevators in the Toledo, Ohio Switching District which are approved as regular for the delivery of Wheat through June 30, 2004:

WAREHOUSE	LOCATION	CAPACITY IN BUSHELS
The Andersons Agricultural Group L.P.	Andersons-Illinois Elevator Maumee, Ohio	20,559,000
	Reynolds Road Elevator Toledo, Ohio	983,000
	River Elevator Toledo, Ohio	7,232,000
	Conant Street Elevator Maumee, Ohio	6,316,000
	Edwin Drive Elevator Toledo, Ohio	6,732,000
Archer-Daniels-Midland Co. d/b/a ADM Grain Company	Toledo Elevator Toledo, Ohio	9,795,000
	Ottawa Lake Elevator Ottawa Lake, MI	7,680,000

NOTE: ALL ELEVATORS ARE FEDERALLY LICENSED.

07/01/02

Appendix 10F

APPENDIX 10F - RECIPROCAL AND INTERMEDIATE SWITCHING CHARGES

REFERENCE GUIDE ONLY - EFFECTIVE MAY 1, 1997

THE FOLLOWING RECIPROCAL AND INTERMEDIATE SWITCHING CHARGES APPLY AT ELEVATORS REGULAR FOR DELIVERY WITHIN THE CHICAGO, IL AND BURNS HARBOR, IN SWITCHING DISTRICTS. RATES ARE IN DOLLARS PER CAR UNLESS OTHERWISE INDICATED.

ELEVATOR: -----	RESULT AND/OR INTERMEDIATE RECIPROCAL CARRIER: -----	CARRIER AND END RESULT: -----
CARGILL	CR OR IHB LINE HAUL	DIRECT CONNECTION WITH ALL OTHER CARRIERS.
BURNS HARBOR, IN	RATE	OTHER CARRIERS.
-----		
CHICAGO & ILLINOIS MARKETING, L.L.C. 117/TH/ & TORRENCE CHICAGO, IL	RIVER IHB - \$242.00 PER CAR  \$166.00 PER CAR (25-CAR) \$ 95.00 PER CAR (50-CAR) (PRIVATE CARS, CR, NS)	
DIRECT CONECTION WITH ALL OTHER CARRIERS	IHB \$261.00 PER CAR \$184.00 PER CAR (25-CAR) \$110.00 PER CAR (50-CAR) (ALL OTHER CARRIERS)	
	CRL - \$187.00 PER CAR	
-----		

THIS APPENDIX IS ONLY A REFERENCE GUIDE AND SHOULD NOT BE CONSTRUED AS A TRADING RECOMMENDATION OF THE CHICAGO BOARD OF TRADE. DUE TO THE RAPID CHANGES IN FREIGHT TARIFFS, WE DO NOT GUARANTEE THIS APPENDIX AS TO ACCURACY OR COMPLETENESS. FOR CURRENT INFORMATION ON SWITCHING CHARGES CONTACT THE RESPECTIVE RAIL CARRIER DIRECTLY.

01/01/00



## APPENDIX 10G - GRAIN LOAD-OUT PROCEDURES

The following is a general outline of procedures for the load-out of grain covered by Chicago Board of Trade ("CBOT") registered warehouse receipts/shipping certificates. The procedures are based upon a combination of CBOT Rules and Regulations and trade practice. Where applicable, CBOT Rules and Regulations are cited.

1. Cancellation of the Warehouse Receipt/Shipping Certificate at CBOT Registrar's Office.
  - a. To initiate the load-out process, the receipt/certificate holder, or owner, requests his clearing firm to cancel the warehouse receipt/shipping certificate at the CBOT Registrar's Office or requests load-out using the electronic form provided by the Cleaning House's Online System.
  - b. The Registrar bills the owner's clearing firm a cancellation fee per receipt/certificate. (Internal policy of CBOT Registrar's Office.)
  - c. The holder of the shipping certificate will notify the shipper of load-out instructions. Notification will be by telephone, telex or telefax.
2. Surrender of the Cancelled Warehouse Receipt/Shipping Certificate.
  - a. The next step is for the owner to surrender the cancelled receipt/certificate to the regular warehouseman/shipper or his representative agent in Chicago. The agent must be a registered clearing member of the CBOT, be located in the vicinity of the CBOT and be available during business hours (except Exchange holidays). Business hours are 8:00 a.m. - 4:30 p.m., Monday - Thursday and 8:00 a.m. - 3:00 p.m. on Friday.
  - b. At this time, the warehouseman/shipper, at his option, may require the owner to pay storage/premium and insurance charges that have accumulated up to and including the date of surrender. (See items 6(a) and (b) below.) The warehouseman's/shipper's agent shall accept these payments during business hours.
  - c. At this time, the warehouseman, at his option, may also require the owner to pay the warehouseman or his agent a load-out fee of up to 6 cents per bushel. A fobbing charge of 4 cents per bushel was already paid at the time of delivery of corn and soybean shipping certificates. (The maximum load-out/fobbing fee, subject to change, is 6 cents per bushel for receipts and 4 cents per bushel for certificates. CBOT Regulation 1081.01(11).)
  - d. If the owner decides against loading out grain, he may notify the warehouseman's/shipper's agent that warehouse receipts/shipping certificates are to be re-issued. The warehouseman's/shipper agent, if requested by the owner, shall obtain the receipts/certificates from the warehouseman/shipper, and if agent is notified by 12:00 noon, re-issued receipts shall be deliverable by 4:00 p.m. the following business day. (Any reimbursement of expenses for making the grain available for loading must be mutually accepted by the maker and taker. Notification of agents is notification of principal. All fees are a matter between agent and principal.)
3. Arrangement of Transportation Conveyance.
  - a. Next, the owner arranges for proper conveyance of the grain to be loaded out with a carrier; the conveyance may be rail cars, barge, or vessel, and must be clean and ready-to-load.
  - b. The owner provides the warehouseman/shipper with written loading orders that identify the vessel, barge, or number of rail cars that will take delivery of the grain, and that specify the grade and estimated number of bushels to be loaded.
  - c. An owner requesting vessel load-out, having surrendered canceled receipts/certificates and tendered written loading orders to the warehouseman/shipper, is entitled to the warehouse's/shipper's current scheduled load-in and load-out lineups, provided the owner gives to the warehouseman/shipper the identity of the vessel and the estimated-time-of-arrival no more than 5 calendar days prior to constructive placement of the vessel.

Appendix 10G

In addition, an owner is entitled to receive updated information, upon request, on the elevator's/shipping station's scheduled load-in and load-out lineups.

- d. The carrier or its agent notifies the warehouseman/shipper of the "constructive placement" of the conveyance. The term "constructive placement" is defined in CBOT Regulations 1081.01(12)A. (1), (2) and (3). Only the warehouseman/shipper can order the conveyance to the elevator/shipping station for actual placement for loading.
- e. The warehouseman/shipper is not responsible for the failure of the carrier to present clean, ready-to-load conveyance to the warehouseman/shipper. (CBOT Regulation 1081.01(12) B.)

4. Request for Grain Inspection or Stevedoring Service.

- a. The owner may, at his option and expense, request the warehouseman/shipper to arrange inspection and weighing service provided by the Federal Grain Inspection Service ("FGIS").
- b. In case of water load-out (barge or vessel), the owner should request the warehouseman/shipper to arrange stevedoring service. In this regard, the owner may designate to the warehouseman/shipper the stevedoring service he would like to use. The owner is responsible for charges incurred for stevedoring service.
- c. The warehouseman/shipper does not control the availability of the FGIS and the stevedoring services.

5. Actual Load-Out.

- a. The warehouseman/shipper must load-out all conveyances in the order of their constructive placement. An operator of a regular facility in Chicago, Burns Harbor, along the Illinois Waterway, and St. Louis has the obligation of loading grain represented by warehouse receipts or shipping certificates giving preference to takers of delivery. (CBOT Regulation 1081.01(12) A.)
- b. The warehouseman/shipper informs the owner of the time of loading completion and the release time of the conveyance to the carrier.
- c. The warehouseman/shipper must advise the owner of any load-out difficulties. Inclement weather may delay loading.
- d. The owner should be familiar with the tariff of the warehouse/shipping station where the load-out is to occur.

6. Final Settlement of All Charges By Invoice

- a. The owner pays the warehouseman/shipper storage/premium charges that have accumulated up to and including the 10th business day after constructive placement of the conveyance or the date of loading completion, whichever is earlier. (CBOT Regulation 1081.01(12).) If the owner paid storage/premium charges when he surrendered the cancelled warehouse receipt/shipping certificate (see item 2(b) above) he now pays storage/premium charges that have accumulated since that time as invoiced.
- b. The owner pays the warehouseman for the FGIS service and the stevedoring company for stevedoring service as invoiced.
- c. With some exceptions for Burns Harbor delivery, the owner pays all transportation costs, including switching charges and demurrage, if any, to the appropriate transportation company.

\*/ The outline provided above is intended to serve only as a general guide to grain load-out procedures; certain of the discussed obligations of the warehouseman and owners may not apply in a particular situation or may be open to negotiation between the parties. Care has been taken in the preparation of this outline, but there is no warranty or representation expressed or implied by the Chicago Board of Trade or its member firms as to the accuracy or completeness of the material herein. In particular, CBOT rules and regulations may be revised from time accordingly, current rules and regulations, if applicable, should be consulted when there is a question about load-out. Please be advised that the U.S. Warehouse Act, as amended, a state law may also apply to, or govern, a particular situation. If you have legal questions concerning load-out, we recommend that you consult your legal counsel. 10/01/01

Appendix 10C A

APPENDIX 10C A - CORN AND SOYBEAN SHIPPING STATIONS

Following is a listing of the shipping stations approved as regular for the delivery of Corn and Soybeans for the period through June 30, 2004:

BOTCC Code	Firm	Location	Mile Marker	Approved Capacity (bu)	Daily Loading Rate (bu/day)	Max. Certs	Location Differential (cents/bu)
1750	Cargill, Inc.	Burns Harbor, IN	340	5,473,000	165,000	1,094	par
1705	Chicago & Illinois River Marketing, LLC	Chicago, IL	329.4R	9,156,000	165,000	1,831	par
1715	Louis Dreyfus	Lockport, IL	292.8R	204,000	55,000	220	2
1758	Cargill, Inc.	Morris, IL	263.3R	124,000	110,000	440	2
1752	Louis Dreyfus	Morris, IL	263.0R	304,000	55,000	220	2
1730	ADM/Growmark River Systems, Inc.	Morris-E, IL	263.0R	587,000	55,000	220	2
1731	ADM/Growmark River Systems, Inc.	Morris-W, IL	262.9R	230,000	110,000	440	2
1759	Cargill, Inc.	Seneca, IL	252.5R	846,000	55,000	220	2
1732	ADM/Growmark River Systems, Inc.	Ottawa-N, IL	241.8R	988,000	55,000	220	2 1/2
1753	Cargill, Inc.	Ottawa, IL	238.5L	880,000	110,000	440	2 1/2
1733	ADM/Growmark River Systems, Inc.	Ottawa-S, IL	236.9L	107,000	110,000	440	2 1/2
1765	Maplehurst Farms, Inc.	Ottawa, IL	236.4R	THROUGH PUT	55,000	220	2 1/2
1701	Consolidated Grain and Barge Co.	Utica, IL	229L	681,000	55,000	220	2 1/2
1714	Louis Dreyfus	Utica, IL	229L	THROUGH PUT	55,000	220	2 1/2
1734	ADM/Growmark River Systems, Inc.	La Salle, IL	223.3R	84,000	110,000	440	2 1/2
1702	Consolidated Grain and Barge Co.	Peru, IL	222.9R	0	55,000	220	2 1/2
1713	Louis Dreyfus	Peru, IL	222.9R	THROUGH PUT	55,000	220	2 1/2
1735	ADM/Growmark River Systems, Inc.	Spring Valley, IL	218.4R	109,000	110,000	440	2 1/2
1754	Cargill, Inc.	Spring Valley, IL	218.3L	1,433,000	110,000	440	2 1/2
1736	ADM/Growmark River Systems, Inc.	Hennepin, IL	207.7L	500,000	110,000	440	2 1/2
1760	Cargill, Inc.	Hennepin, IL	207.5L	110,000	55,000	220	2 1/2
1703	Consolidated Grain and Barge Co.	Hennepin, IL	207.4R	416,000	55,000	220	2 1/2
1712	Louis Dreyfus	Hennepin, IL	207.4R	THROUGH PUT	55,000	220	2 1/2
1737	ADM/Growmark River Systems, Inc.	Henry, IL	195.8R	552,000	55,000	220	2 1/2
1738	ADM/Growmark River Systems, Inc.	Lacon, IL	189.5L	199,000	55,000	220	2 1/2
1761	Cargill, Inc.	Lacon, IL	189.3L	487,000	110,000	440	2 1/2
1739	ADM/Growmark River Systems, Inc.	Chillicothe, IL	180.5R	172,000	55,000	220	2 1/2
1740	ADM/Growmark River Systems, Inc.	Creve Coeur, IL	158.1L	1,401,000	55,000	220	3
1749	Cargill, Inc.	Pekin, IL	153	THROUGH PUT	165,000	660	3
1720	Tomen Grain Company	Pekin, IL	152.2L	732,000	110,000	440	3

Appendix 10C A

(01/09/03)

Appendix 10S A

APPENDIX 10S A - SOYBEAN ONLY SHIPPING STATIONS

See Appendix 10C A - CORN AND SOYBEAN SHIPPING STATIONS for shipping stations approved as regular for the delivery of Soybeans above Illinois River Mile Marker 151.

Following is a listing of additional shipping stations approved as regular for the delivery of Soybeans only for the period through June 30, 2004:

BOTCC Code	Firm	Location	Mile Marker	Approved Capacity (bu)	Daily Loading Rate (bu/day)	Max. Certs	Location Differential (cents/bu)
1755	Cargill, Inc.	Havana-N, IL	119.9L	575,000	55,000	220	3 1/2
1762	Cargill, Inc.	Havana-S, IL	119.8L	738,000	55,000	220	3 1/2
1742	ADM/Growmark River Systems, Inc.	Havana-N, IL	119.6L	1,093,000	55,000	220	3 1/2
1743	ADM/Growmark River Systems, Inc.	Havana-S, IL	119.3L	178,000	55,000	220	3 1/2
1763	Cargill, Inc.	Beardstown, IL	88.1L	439,000	55,000	220	3 1/2
1744	ADM/Growmark River Systems, Inc.	Beardstown, IL	91.0R	2,757,000	55,000	220	3 1/2
1756	Cargill, Inc.	Merdedosia, IL	71.3L	962,000	110,000	440	3 1/2
1745	ADM/Growmark River Systems, Inc.	Naples, IL	66.1L	310,000	55,000	220	3 1/2
1706	Zen-Noh Grain Corp.	Naples, IL	65L	THROUGH PUT	55,000	220	3 1/2
1704	Consolidated Grain and Barge Co.	Naples, IL	65L	6,247,000	55,000	220	3 1/2
1757	Cargill, Inc.	Florence, IL	55.3R	1,855,000	165,000	660	3 1/2
1747	ADM/Growmark River Systems, Inc.	St. Louis, MO	UM 184R	2,154,000	220,000	880	6
1764	Cargill, Inc.	E. St. Louis, IL	UM 179L	2,481,000	110,000	440	6
1710	Peavey Co., a ConAgra Trade Group company	Sauget, IL	UM 177L	288,000	110,000	440	6

(10/01/02)

## Appendix 11A

## APPENDIX 11A - CRUDE SOYBEAN OIL

Following is a listing of the firms approved for the delivery of Crude Soybean Oil through June 30, 2004:

FIRM/FACILITIES	REGULAR SPACE (POUNDS)	MAXIMUM RECEIPTS ALLOWED TO ISSUE
-----		
AG PROCESSING, INCORPORATED		
Dawson, MN	26,324,000	438
Eagle Grove, IA	20,000,000	333
Emmetsburg, IA	88,000,000	1,466
Fort Dodge, IA	13,000,000	216
Manning, IA	9,000,000	150
Mason City, IA	36,000,000	600
Omaha, NE	40,000,000	666
Sergeant Bluff, IA	31,500,000	525
Sheldon, IA	19,200,000	320
St. Joseph, MO	24,000,000	400
ANDERSONS AGRICULTURE GROUP L.P., THE		
Logansport, IN	20,000,000	333
ARCHER DANIELS MIDLAND CO.		
Decatur, IL	180,000,000	3,000
Des Moines, IA	40,600,000	676
Frankfort, IN	39,000,000	650
Galesburg, IL	11,400,000	190
Granite City, IL	40,000,000	666
Lincoln, NE	27,000,000	450
Mankato, MN	51,000,000	850
Mexico, MO	43,000,000	716
N. Kansas City, MO	42,000,000	700
Quincy, IL	54,500,000	908
Taylorville, IL	29,900,000	498
BUNGE MILLING, INC.		
Danville, IL	91,500,000	1,525
BUNGE NORTH AMERICA (SDP WEST), INC.		
Emporia, KS	36,600,000	610
BUNGE NORTH AMERICA, INC.		
Fort Wayne, IN	45,750,000	762
Logansport, IN	62,000,000	1,033
CARGILL, INC.		
Ackley, IA	240,000,000	4,000
Bloomington, IL	3,900,000	65
Buffalo, IA	36,800,000	613
Cedar Rapids, IA	1,920,000	32
Cedar Rapids, (E), IA	9,300,000	155
Des Moines, IA	8,490,000	141
Iowa Falls, IA	20,000,000	333
Kansas City, MO	7,000,000	116
Lafayette, IN	9,000,000	150
CENEX HARVEST STATES COOPERATIVES (Harvest States Oilseed Processing & Refining division)		
Mankato, MN	6,000,000	100
CENTRAL SOYA COMPANY, INC.		
Decatur, IN	118,950,000	1,982
Gibson City, IL	50,325,000	838
CHICAGO & ILLINOIS RIVER MARKETING, LLC		
Chicago, IL	4,725,000	78
INCOBRASA INDUSTRIES, LTD.		
Gilman, IL	123,525,000	2,058
SOUTH DAKOTA SOYBEAN PROCESSORS, INC.		
Chicago, IL	9,576,000	159
St. Paul, MN	29,115,000	484
Volga, SD	200,700,000	3,345
ZEELAND FARM SERVICES, INC.		
Chicago, IL	52,000,000	866
Portage, IN	40,980,000	683
-----		



Appendix 11B

APPENDIX 11B - SOYBEAN OIL DELIVERY DIFFERENTIALS IN CENTS  
PER 100 LBS.

DELIVERY TERRITORY/WAREHOUSE LOCATION	DIFFERENTIALS
ILLINOIS TERRITORY	
Bloomington, IL	PAR
Danville, IL	PAR
Decatur, IL	PAR
Galesburg, IL	PAR
Gibson City, IL	PAR
Gilman, IL	PAR
Granite City, IL	PAR
Quincy, IL	PAR
Taylorville, IL	PAR
EASTERN TERRITORY	
Decatur, IN	(30)
Fort Wayne, IN	(30)
Frankfort, IN	(30)
Indianapolis, IN	(30)
Lafayette, IN	(30)
Logansport, IN	(30)
Portage, IN	(30)
EASTERN IOWA TERRITORY	
Ackley, IA	(20)
Buffalo, IA	(20)
Cedar Rapids, IA	(20)
Cedar Rapids (E), IA	(20)
Des Moines, IA	(20)
Iowa Falls, IA	(20)
Mason City, IA	(20)
SOUTHWEST TERRITORY	
Kansas City, MO	(5)
Mexico, MO	(5)
N. Kansas City, MO	(5)
St. Joseph, MO	(5)
Emporia, KS	(5)
NORTHWEST TERRITORY	
Eagle Grove, IA	(55)
Emmetsburg, IA	(55)
Fort Dodge, IA	(55)
Manning, IA	(55)
Sergeant Bluff, IA	(55)
Sheldon, IA	(55)
Dawson, MN	(55)
Mankato, MN	(55)
St. Paul, MN	(55)
Lincoln, NE	(55)
Omaha, NE	(55)
Volga, SD	(55)

DIFFERENTIALS FOR SOYBEAN OIL DELIVERY MONTHS JANUARY THRU DECEMBER 2003				
Illinois	Eastern	Eastern Iowa	Southwest	Northwest
-----	-----	-----	-----	-----
Par	(40)	(10)	15	(55)

( ) - Differentials enclosed by parentheses ( ) are discounts.



## Appendix 12A

## APPENDIX 12A - SOYBEAN MEAL

Following is a listing of the firms approved for the delivery of Soybean Meal through June 30, 2004:

FIRM/FACILITY	DAILY RATE OF LOADING (TONS)	MAXIMUM CERTIFICATES BONDED TO ISSUE
Ag Processing Incorporated		
Eagle Grove, IA	1,600	265
Manning, IA	600	123
Mason City, IA	700	114
Emmetsburg, IA	700	117
Sergeant Bluff, IA	1,000	172
Sheldon, IA	840	160
St. Joseph, MO	620	99
Archer-Daniels-Midland Co.		
Decatur, IL	2,000	345
Des Moines, IA	1,500	253
Fostoria, OH	600	103
Frankfurt, IN	800	128
Galesburg, IL	400	70
Little Rock, AR	400	78
Mexico, MO	700	115
N. Kansas City, MO	800	140
Quincy, IL	2,000	349
Taylorville, IL	700	125
Bunge Milling Inc.		
Danville, IL	960	1,144
Bunge North America (SDP West), Inc.		
Council Bluffs, IA	2,500	575
Bunge North America, Inc.		
Cairo, IL	2,000	300
Decatur, AL	960	144
Marks, MS	1,200	330
Cargill, Inc.		
Bloomington, IL	600	90
Cedar Rapids (E), IA	1,500	225
Des Moines, IA	1,100	165
Guntersville, AL	900	205
Iowa Falls, IA	1,500	225
Kansas City, MO	1,500	225
Lafayette, IN	850	128
Sioux City, IA	2000	330
Sidney, OH	1,500	225
Central Soya Company, Incorporated		
Bellevue, OH	750	124
Decatur, IN	2,000	1,000
Gibson City, IL	800	220
Morristown, IN	1,000	160
Consolidated Grain & Barge Company		
Mt. Vernon, IN	1,000	210
Incobrasa Industries, Ltd.	1,300	273
Gilman, IL		
Owensboro Grain Company		
Owensboro, KY	1,600	553
Riceland Foods, Incorporated		
Stuttgart, AR	325	98

01/01/03

Appendix 12B

APPENDIX 12B - SOYBEAN MEAL LOCATIONS  
APPROVED FOR DELIVERY AND THEIR DISCOUNTS OR PREMIUMS

CENTRAL TERRITORY - AT CONTRACT PRICE

Bloomington, IL  
Cairo, IL  
Danville, IL  
Decatur, IL  
Galesburg, IL  
Gibson City, IL

Gilman, IL

Quincy, IL  
Taylorville, IL  
Owensboro, KY

EASTERN IOWA TERRITORY - \$4.50 DISCOUNT

Cedar Rapids, (East), IA  
Des Moines, IA  
Iowa Falls, IA

MIDSOUTH TERRITORY - \$6.50 PREMIUM

Decatur, AL  
Guntersville, AL  
Helena, AR  
Little Rock, AR  
Marks, MS  
Stuttgart, AR.

MISSOURI TERRITORY - AT \$1.00 PREMIUM

Kansas City, MO  
Mexico, MO  
N. Kansas City, MO  
St. Joseph, MO

NORTHERN TERRITORY - \$4.00 DISCOUNT

Eagle Grove, IA  
Council Bluffs, IA  
Emmetsburg, IA  
Manning, IA  
Mason City, IA  
Sergeant Bluff, IA  
Sheldon, IA  
Sioux City, IA

NORTHEAST TERRITORY -\$1.50 PREMIUM

Bellevue, OH  
Decatur, IN  
Fostoria, OH  
Frankfurt, IN

Appendix 12B

NORTHEAST TERRITORY -\$1.50 PREMIUM (Continued)

Lafayette, IN  
Morristown, IN  
Mt. Vernon, IN  
Sidney, OH

DIFFERENTIALS FOR SOYBEAN MEAL DELIVERY MONTHS JANUARY THRU DECEMBER 2003

Central	Northeast	Mid South	Missouri	Eastern Iowa	Northern
-----	-----	-----	-----	-----	-----
Par	+\$1.50	+\$6.50	+\$1.00	-\$4.50	-\$4.00

12/01/02

## Appendix m14A

APPENDIX m14A - BRANDS APPROVED FOR DELIVERY  
AGAINST CBOT mini-sized NEW YORK SILVER CONTRACTS

PRODUCER -----	REFINED AT -----	COMPUTER CODE ----	BRAND MARKS -----
The Anaconda Company	Perth Amboy, N.J.	UMCO	* UMS CO.
ASARCO Incorporated	Amarillo, Texas	ASAT	ASARCO SILVER - AMARILLO, TEXAS
	Baltimore, M.D.	ASBA	* ASARCO BALTIMORE, MARYLAND
	Perth Amboy, N.J.	ASCP	* AS & R CO.-PERTH AMBOY, N.J.
	Perth Amboy, N.J.	ASPA	* ASARCO-PERTH AMBOY, NEW JERSEY
	Selby, CA	SGSR	* SELBY GOLD & SILVER REFINERY, SAN FRANCISCO, CAL.
Britannia Refined Metals Co.	Northfleet, England	BLCO	BLCo.
Broken Hill Associated Smelters Pty. Ltd.	Port Pirie, Australia	BHAS	BHAS
The Bunker Hill Company	Kellogg, Idaho	HILL	* BUNKER HILL
Cerro de Pasco Corporation	La Oroya, Peru	CDPP	* C de P PERU
Cominco Ltd.	Trail, British Columbia	TADA	TADANAC
Compania de Real Monte y Pachuca	Pachuca, Mexico	RDMM	R del M
Comptoir Lyon-Alemand Louyot	Noisy le Sec, France	CLAP	* COMPTOIR-LYON-ALEMAND, LOUYOT & CIE-PARIS
		CLAL	COMPTOIR-LYON-ALEMAND, LOUYOT-PARIS
Degussa A.G.	Hanau, Germany	DEGU	DEGUSSA (with 1/2 sun and 1/4 moon within diamond)
Degussa Corporation, Metz Div.	South Plainfield, N.J.	METZ	DEGUSSA (with 1/2 sun and 1/4 moon within diamond, also Metz est. 1921)
Dowa Mining Co. Ltd.	Kosaka City, Japan	DOWA	DOWA (with crossed hammers within circle)
Empresa Minera del Peru S.A.	La Oroya, Peru	CPPE	CP-PERU
Engelhard Corporation	Chessington, England	ENCI	ENGELHARD LONDON
	Carteret, N.J.	ENNE	ENGELHARD
Engelhard Corporation	Ivry, France	ECMP	ENGELHARD (with Compagnie Des Metaux Precieux-Paris within an oval)

\*No longer produced

## Appendix m14A

PRODUCER - - - - -	REFINED AT - - - - -	COMPUTER CODE - - - -	BRAND MARKS - - - - -
Furukawa Metals Co. Ltd.	Nikko City, Japan	TRIA	OPEN TRIANGLE (like letter A, brand name "Yamaichi")
Golden West Refining Corporation Limited, Handy & Harman Refining Group Inc.	Attleboro, Mass.	GWHH	HH HANDY & HARMAN REFINING GROUP
Handy & Harman	Attleboro, Mass. Fairfield, Conn.	HAND HARM	* HH HANDY & HARMAN SILVER * HH HANDY & HARMAN SILVER Fairfield, Conn.)
INCO Limited	Sudbury, Ontario	ORCO	ORC
Industrial Minera Mexico, S.A.	Monterrey, Mexico Monterrey, Mexico	ASMO IMMM	* ASARCO-MONTERREY IMM-MONTERREY
Johnson Matthey Limited	Brampton, Ontario	JMJM	JOHNSON MATTHEY-JM (with crossed hammers and assay stamp: JM LTD.-CANADA-ASSAY OFFICE)
	Brampton, Ontario Brampton, Ontario	JMCA JMCM	* JM (with crossed hammers) * J.M. & M. Ltd.
Johnson Matthey Chemicals Ltd.	Royston, England Royston, England	JMLO JMCF	JOHNSON MATTHEY LONDON * JMCF
Johnson Matthey Refining, Inc.	Salt Lake City, Utah	JMRI	JOHNSON MATTHEY-JM (with crossed hammers and assay stamp: J.M.R.I.-U.S.A.-ASSAY OFFICE)
Kam-Kotia Mines Ltd.	Cobalt, Ontario	CRKO	* CRK
Kennecott Corporation	Magma, Utah	KUEU	KUE
Metalli Preziosi S.p.A.	Milan, Italy	MPSP	METALLI PREZIOSI S.p.A. MILANO (with MP)
n.v. Union Miniere s.a. - - Business Unit Hoboken	Hoboken, Belgium Hoboken, Belgium	MHOV HOBN	* HOBOKEN 999.7+ HOBOKEN 999+
Metalor USA Refining Corp.	N. Attleboro, Mass.	META	METAUX PRECIEUX SA METALOR (in a circle with letters MUS in center)
Metalor Precieux SA Metalor	Neuchatel, Switzerland	MPOR	METAUX PRECIEUX SA METALOR (in a circle with letters MP in center)
Met-Mex Penoles, SA de CV	Monterrey, Mexico Torreon, Mexico	MPSA POPM	* METALURGICA MEXICANA PENOLES S.A. PRODUCT OF PENOLES MEXICO
Mitsubishi Materials Corporation	Kagawa, Japan	DIAM	Three diamonds forming a triangle
No. 1 Mining Corporation	Namtu, Burma	BRMA	BURMA MINES
Noranda Metallurgy Inc.- Copper	Montreal East, Quebec	CCRL	CCR CANADA

\*No longer produced

## Appendix m14A

PRODUCER -----	REFINED AT -----	COMPUTER CODE ----	BRAND MARKS -----
Norddeutsche Affinerie A.G.	Hamburg, W. Germany	NAHA	NORDDEUTSCHE AFFINERIE HAMBURG
PGP Industries Inc.	Duncan, South Carolina	PGPI	PGP
Rand Refinery Limited	Germiston, Transvaal	RRSA	RAND REFINERY LTD. (with RR Ltd. on underside)
Rudarsko Metalursko HERNIJSKI Kombinat, Trepca	Zvecan, Yugoslavia	TREP	TREPCA
Sabin Metal Corporation	Scottsville, N.Y.	SABN	SMC
Sheffield Smelting Co. Ltd.	Sheffield, England	SSCL	* THE SHEFFIELD SMELTING CO. LTD.
United States Assay Office	Denver, Colorado New York, New York Philadelphia, Pa. San Francisco, Cal.	USDE USNY USPH USSF	* SEAL OF UNITED STATES (with year and location of production)
United States Metals Refining Co., division of Amax Copper, Inc.	Carteret, N.J.	DRW	* DRW
U.S. Smelting, Refining & Mining	East Chicago, Ill.	USSC	* USSCO
Zaklady Metalurgiczne Trzebinia	Trzebinia, Poland	ZTMP	ZTM

\*No longer produced

10/01/01

Appendix m14B

APPENDIX m14B - CBOT LICENSED DEPOSITORIES AND  
WEIGHMASTERS FOR mini-sized NY SILVER

CBOT LICENSED DEPOSITORIES AND WEIGHMASTERS FOR mini-sized NY SILVER

Depository -----	Facilities -----	Computer Code -----
NEW YORK -----		
SCOTIA MOCATTA DEPOSITORY, A DIVISION OF THE BANK OF NOVA SCOTIA 26 Broadway New York, NY 10004 Orders: (212) 912-8530	26 Broadway New York, NY	3001
HSBC BANK USA 1 West 39th Street, SC 2 Level New York, NY 10018 Orders: (212) 525-6439	1 West 39th Street, SC 2 Level New York, NY 425 Sawmill River Road Ardsley, NY	5001 5002
BRINK'S INCORPORATED Suite 400 580 5th Avenue New York, NY 10036 Orders: (718) 260-2200	652 Kent Avenue Brooklyn, NY	4001
DELAWARE -----		
DELAWARE DEPOSITORY SERVICE COMPANY, LLC 3601 North Market Street Wilmington, DE 19802 Orders: (302) 765-3884	3601 North Market Street Wilmington, DE 4200 Governor Printz Blvd. Wilmington, DE	6001 6002

ADDITIONAL LICENSED WEIGHMASTERS FOR NEW YORK SILVER

International Testing Laboratories, Inc.  
578-582 Market Street  
Newark, NJ 07105  
Orders: (201) 589-4772

Ledoux & Company  
359 Alfred Avenue  
Teaneck, NJ 07666  
Orders: NJ (201) 837-7160

06/01/02

## Appendix m15A

APPENDIX m15A - BRANDS APPROVED FOR DELIVERY  
AGAINST CBOT mini-sized NY GOLD CONTRACTS

PRODUCER - - - - -	REFINED AT - - - - -	CODE - - - -	BRAND MARKS - - - - -
AGR Joint Venture	Perth, Australia	PMAU	THE PERTH MINT AUSTRALIA (with swan motif mint mark within circle)
Argor, S.A.	Chiasso, Switzerland	ARGO	*ARGOR S.A. CHIASSO-ASA
Argor-Heraeus SA	Mendrisio, Switzerland	ARHE	ARGOR-HERAEUS SA, A-H, SWITZERLAND
ASARCO Incorporated	Amarillo, Texas	ASAT	ASARCO GOLD-AMARILLO, TEXAS
Casa da Moeda do Brasil	Rio de Janeiro, Brazil	CASA	CASA DA MOEDA DO BRASIL-CMB
Compagnie des Metaux Precieux	Ivry, France	CMPP	*COMPAGNIE DES METAUX PRECIEUX PARIS (may also contain letters CMP)
	Ivry, France	SDBS	*SOCIETE DE BANQUE SUISSE
Companhia Real de Metais	Sao Paulo, Brazil	CRDM	CRM
Comptoir Lyon-Alemand Louyot	Noisy le Sec, France	CLAL	COMPTOIR-LYON-ALEMAND, LOUYOT-PARIS (with Affineur Fondeur within octagon)
Degussa A.G.	Hanau, Germany	DEGU	DEGUSSA FEINGOLD (with 1/2 sun and 1/4 moon within diamond)
Degussa Canada Limited	Burlington, Ontario	DECA	*DEGUSSA CANADA LTD. (with 1/2 sun and 1/4 moon within diamond)
Degussa S.A.	Guarulhos, Brazil	DEBR	DEGUSSA S.A. (with 1/2 sun and 1/4 moon within diamond)
H.Drijfhout & Zoon's Edelmetaalbedrijven BV	Amsterdam, Netherlands	HDZA	H. DRIJFHOUT & ZOON- AMSTERDAM-MELTERS (within octagon)



## Appendix m15A

PRODUCER -----	REFINED AT -----	COMPUTER CODE ----	BRAND MARKS -----
Engelhard Corporation	Carteret, N.J.	ENNE	ENGELHARD (may also be ENGELHARD NEW JERSEY-U.S.A. or ENGELHARD U.S.A.)
	Carteret, N.J.	BAKE	* BAKER (within circle atop triangle)
	Chessington, England	ENCI	ENGELHARD LONDON
	Thomastown, Australia	ENTH	* ENGELHARD AUSTRALIA
	Aurora, Ontario	ENAU	* ENGELHARD (with circle connected to 1/2 moon to left of name; may also be ENGELHARD INDUSTRIES OF CANADA LTD.)
Engelhard Corporation	Anaheim, California	ECAL	ENGELHARD (with "w" prefixed serial number)
	Ivry, France	ECMP	ENGELHARD (with Compagnie Des Metaux Precieux-Paris within an oval)
Golden West Refining Corporation Limited, Handy & Harman Refining Group Inc.	Attleboro, Mass	GWHH	* HH HANDY & HARMAN REFINING GROUP
Handy & Harman	Attleboro, Mass	HAND	* HH HANDY & HARMAN
W.C. Heraeus, G.m.b.H.	Hanau, Germany	HERA	HERAEUS FEINGOLD (with Heraeus Edelmetalle GmbH- Hanau encircling three roses)
Heraeus Incorporated	Newark, N.J.	HERI	HERAEUS FEINGOLD (with capital letter "E" preceding serial number)
Heraeus Ltd.	Kowloon, Hong Kong	HERH	HERAEUS FEINGOLD (with capital letter "H" preceding serial number)
Homestake Mining Company	Lead, South Dakota	HMCO	HOMESTAKE MINING COMPANY (with HMC all within circle)
Johnson Matthey, Inc.	Winslow, New Jersey	MBUS	* MATTHEY BISHOP U.S.A. (within an oval)
Johnson Matthey Limited	Brampton, Ontario	JMMC	* JOHNSON MATTHEY & MALLORY-CANADA (within an oval)
	Brampton, Ontario	JMCA	* JM (with crossed hammers)
	Brampton, Ontario	JMJM	JOHNSON MATTHEY-JM (with crossed hammers and assay stamp; J.M. LTD.-CANADA-ASSAY OFFICE)

## Appendix m15A

PRODUCER -----	REFINED AT -----	COMPUTER CODE ----	BRAND MARKS -----
Johnson Matthey Limited (Australia)	Kogarah, Australia Kogarah, Australia	MGPS JMLA	* MATTHEY GARRETT PTY. SYDNEY REFINERS (within an oval) * JOHNSON MATTHEY LIMITED AUSTRALIA
Johnson Matthey Chemicals Ltd.	Royston, England	JMLO	JOHNSON MATTHEY LONDON (within an oval)
Johnson Matthey & Pauwels S.A.	Brussels, Belgium	JMPA	* JOHNSON MATTHEY & PAUWELS (within an oval)
Johnson Matthey Refining, Inc.	Salt Lake City, Utah	JMRI	JOHNSON MATTHEY-JM (with crossed hammers and assay stamp: J.M.R.I. U.S.A.-ASSAY OFFICE)
Kennecott Utah Copper Corporation	Magna, Utah	KUAU	KUC
Metallurgie Hoboken Overpelt S.A.	Hoboken, Belgium	MHOV	* METALLURGIE HOBOKEN OVERPELT
n.v. Union Miniere s.a. - - Business Unit Hoboken	Hoboken, Belgium	HOBO	Hoboken 9999
Metalli Preziosi S.p.A.	Milan, Italy	MPSP	METALLI PREZIOSI S.p.A. MILANO-AFFINAZIONE (with MP within a circle)
Metalor USA Refining Corp.	Attleborough, Mass.	META	METAUX PRECIEUX SA METALOR-MP (with "MUS" Assay mark)
Metaux Precieux S.A. Metalor	Neuchatel, Switzerland Neuchatel, Switzerland	MPSA SBCO	METAUX PRECIEUX SA - NEUCHATEL (with MP within a circle) SWISS BANK CORPORATION
Mitsubishi Metal Corporation	Osaka, Japan	MMCO	* MITSUBISHI METAL CORPORATION (with three diamond mark within oval)
Mitsubishi Materials Corporation	Kagawa, Japan	MITO	Three diamonds forming a triangle
Noranda Mines Limited, CCR Division	Montreal East, Quebec	CCRL	* CANADIAN COPPER REFINERS LIMITED MONTREAL EAST, CANADA (within an oval)

## Appendix m15A

PRODUCER -----	REFINED AT -----	COMPUTER CODE ----	BRAND MARKS -----
Noranda Mines Limited, CCR Division	Montreal East, Quebec	NORA	* NORANDA MINES LIMITED- CCR, MONTREAL EAST, CANADA (within an oval)
Noranda Metallurgy Inc. - Copper	Montreal East, Quebec	NINC	NORANDA MINES Inc. - CCR, MONTREAL EAST, CANADA (within an oval)
Norddeutsche Affinerie AG	Hamburg, W. Germany	NAHA	NORDEUTSCHE AFFINERIE HAMBURG
PAMP, S.A.	Castel S. Pietro,	PAMP	PAMP-SUISSE Produits Artistiques Metaux Precieux Switzerland
Rand Refinery Limited	Germiston Transvaal	RRSA	RAND REFINERY Ltd. SOUTH AFRICA (encircling picture of springbok)
Royal Canadian Mint	Ottawa, Canada	RCMI	ROYAL CANADIAN MINT (encircling a crown)
Sabin Metal Corporation	Scottsville, N.Y.	SABN	SMC
Schone Edelmetaal NV	Amsterdam, Netherlands	GSNV	GUARANTEED BY SCHONE N.V. AMSTERDAM
Sheffield Smelting Co. Ltd.	Sheffield, England	SSCL	* THE SHEFFIELD SMELTING CO. LTD. - LONDON & SHEFFIELD
Tanaka Kikinzoku Kogyo K.K.	Ichikawa, Japan	TTME	TANAKA TOKYO-MELTERS
United States Metals Refining Co., division of Amax Copper, Inc.	Carteret, N.J.	DRW	* DRW
U.S.S.R.	Moscow, U.S.S.R.	CCCP	CCCP (with hammer and sickle)
Valcambi, S.A.	Balerna, Switzerland	CRSU	CREDIT SUISSE

10/01/01

Appendix m15B

APPENDIX m15B--CBOT LICENSED DEPOSITORIES AND  
WEIGHMASTERS FOR mini-sized NY GOLD

Depository - - - - -	Facilities - - - - -	Computer Code - - - - -
NEW YORK		
SCOTIAMOCATTA DEPOSITORY A DIVISION OF THE BANK OF NOVA SCOTIA 26 Broadway New York, NY 10004 (Orders: (212) 912-8530)	26 Broadway New York, NY	3001
HSBC Bank USA 1 West 39th Street, SC 2 Level New York, NY 10018 (Orders: (212) 525-6439)	1 West 39th Street, SC 2 Level New York, NY	5001
	425 Sawmill River Road Ardsley, NY	5002

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ADDITIONAL LICENSED WEIGHMASTERS FOR mini-sized NY GOLD  
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International Testing Laboratories, Inc.  
578-582 Market Street  
Newark, NJ 07105  
(Orders: (973) 589-4772)

Ledoux & Company  
359 Alfred Avenue  
Teaneck, NJ 07666  
(Orders: NJ (201) 837-7160)

07/01/02

APPENDIX 37B - ROUGH RICE REGULARITY

ROUGH RICE REGULARITY

The following applications for a declaration of regularity for the delivery of Rough Rice have been approved through June 30, 2004:

FIRM/FACILITY	Total Capacity (cwt.)	Maximum Receipts Deliverable	Storage Rate* (per hundred weight per day)	Load-Out rate (per hundred weight)
ACH GRAIN STORAGE, LLC Brinkley, AR	505,800	252	29.22/100 of a cent	20.00 cents
ADM-RICELAND PARTNERSHIP Waldenburg, AR	400,000	200	34.00/100 of a cent	22.22 cents
FARMER'S GRANARY, INC. Patterson, AR	900,000	450	29.19/100 of a cent	22.22 cents
GULF RICE ARKANSAS LLC Harrisburg, AR	953,000	476	34.00/100 of a cent	22.22 cents
HARVEST RICE, INC. McGehee, AR	272,250	136	34.00/100 of a ct.	22.22 cents
POINSETT RICE & GRAIN, INC. Waldenburg, AR	830,250	415	29.67/100 of a cent	22.22 cents
Diaz, AR	444,150	222	29.67/100 of a cent	22.22 cents
PRODUCER'S RICE MILL, INC. Stuttgart, AR	122,000	61	28.89/100 of a ct.	20.00 cents
Stuttgart, AR (mill site)	400,000	200	28.89/100 of a ct.	20.00 cents
Wynne, AR	478,000	239	28.89/100 of a ct.	20.00 cents
RICELAND FOODS, INC. Dumas, AR	450,000	225	34.00/100 of a ct.	22.22 cents
Fair Oaks, AR	450,000	225	34.00/100 of a ct.	22.22 cents
Hickory Ridge, AR	338,000	169	34.00/100 of a ct.	22.22 cents
Jonesboro, AR	2,250,000	1,125	34.00/100 of a ct.	22.22 cents
McGehee, AR	300,000	150	34.00/100 of a ct.	22.22 cents
Newport, AR	360,000	180	34.00/100 of a ct.	22.22 cents
Stuttgart, AR- Dryer Mill Site	1,600,000	800	34.00/100 of a ct.	22.22 cents
Weiner, AR	450,000	225	34.00/100 of a ct.	22.22 cents
Wheatly, AR	450,000	225	34.00/100 of a ct.	22.22 cents

\* Storage rate cap of 34/100 of a cent applies to all receipts issued on and after 05/01/95

12/01/02

APPENDIX 37C - DEFINITIONS

FIRST POSITION DAY - Shall be the second business day prior to the first business day of the delivery month.  
FIRST NOTICE DAY - Shall be the business day prior to the first business day of the delivery month.  
FIRST DELIVERY DAY - Shall be the first business day of the delivery month.  
LAST TRADING DAY - Shall be the business day prior to the last seven business days of the delivery month.  
LAST NOTICE DAY - Shall be the business day prior to the last business day of the delivery month.  
LAST DELIVERY DAY - Shall be the last business day of the delivery month.

11/01/94

APPENDIX 37D - MINIMUM FINANCIAL REQUIREMENTS FOR ROUGH RICE REGULARITY

The minimum financial requirements for firms which are regular to deliver Rough Rice are:

1. Working Capital - (current assets less current liabilities) must be greater than or equal to \$1,000,000. Firms which do not have \$1,000,000 in working capital must deposit with the Exchange \$5,000 per contract which they are regular to deliver, up to a maximum of \$1,000,000 less SEC haircuts, as specified in SEC Rule 15c3-1(c) (2) (vi), (vii) and (viii) plus 3% in the event of liquidation.
2. Net Worth - (Total assets less total liabilities) divided by the firm's allowable capacity (measured in contracts) must be greater than \$5,000.
3. Each firm which is regular to deliver Rough Rice is required to file a yearly certified financial statement within 90 days of the firm's year-end. Each such firm is also required to file within 90 days of the statement date an unaudited semi-annual financial statement. In addition, the Exchange may request additional financial information as it deems appropriate;
4. A Letter of Attestation must accompany all financial statements. The Letter of Attestation must be signed by the Chief Financial Officer or if there is none, a general partner, executive officer, or managerial employee who has the authority to sign financial statements on behalf of the firm and to attest to their correctness and completeness.
5. For the requirements for notification of capital reductions, see Regulation 285.03.
6. Any change in the organizational structure of a firm that is regular for delivery requires that the firm notify the Exchange prior to such change. Changes in organizational structure shall include, but not be limited to, a corporation, limited liability company, general partnership, limited partnership or sole proprietorship that changes to another form. Prior to such change occurring, the firm is also required to notify the Exchange in writing of any name change.

11/01/01

APPENDIX 47 - PRICE EVALUATION PROVIDERS FOR THE CURRENT MORTGAGE PRICE INDEX  
FOR MORTGAGE FUTURES

Bank of America Securities Inc.  
Bear, Stearns & Co. Inc.  
Credit Suisse First Boston corporation  
Deutsche Bank Securities Inc.  
Goldman, Sachs & Co.  
Lehman Brothers Inc.  
J.P. Morgan Chase Securities Inc.  
Morgan Stanley Dean Witter & Co.  
Salomon Smith Barney Inc.

(04-01-01)



[Letterhead of Morris, Nichols, Arsht & Tunnell]

(Date)

CBOT Holdings, Inc.  
Board of Trade of the City of Chicago, Inc.  
141 West Jackson Blvd.  
Chicago, IL 60604

Re: Restructuring Transactions

Ladies and Gentlemen:

We are acting as special Delaware counsel to CBOT Holdings, Inc., a Delaware corporation ("CBOT Holdings"), and Board of Trade of the City of Chicago, Inc., a Delaware corporation (the "Company"), in connection with the demutualization and restructuring of the Company (the "Restructuring Transactions"). As described in the Registration Statement on Form S-4, Registration No. 333-72184 (as amended and supplemented, the "Registration Statement"), filed by CBOT Holdings, which is currently a wholly owned subsidiary of the Company, with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), the Restructuring Transactions include, inter alia: (i) the merger of the Company with a wholly owned subsidiary of CBOT Holdings (the "Merger"), as a result of which the outstanding memberships in the Company will be converted into Class B and Class C memberships in the Company, (ii) the distribution by the Company to the members of the Company of a dividend (the "Dividend") of shares of common stock, par value \$.001 per share, of CBOT Holdings (the "Common Stock") to be distributed immediately following the effective time of the Merger, and (iii) the adoption of an Amended and Restated Certificate of Incorporation (the "Restated Certificate") and Amended and Restated Bylaws (the "Restated Bylaws") of the Company, as well as the adoption and amendment of various Rules of the Company.

As described in the Registration Statement, the Class B memberships will be issued in five separate series, designated Series B-1, Series B-2, Series B-3, Series B-4 and Series B-5. A maximum of 1,402 Class C memberships, 1,402 Series B-1, Class B memberships, 867 Series B-2, Class B memberships, 150 Series B-3, Class B memberships, 642 Series B-4, Class B memberships and 643 Series B-5, Class B memberships will be issued in the Merger (collectively, the "New Memberships"), and a total of 39,802,650 shares of Common Stock will be issued in the Dividend to be paid immediately after the Merger (the "Shares"). As described in the Registration Statement, the holders of different classes of membership in the Company prior to the Merger will receive different combinations of New Memberships and Shares as a result of the Merger and Dividend. Specifically, members will receive:

1. For each Full Membership, a combination of interests consisting of 25,000 shares of Common Stock and one Series B-1, Class B membership and one Class C membership;
2. For each Associate Membership, a combination of interests consisting of 5,000 shares of Common Stock and one Series B-2, Class B membership;
3. For each GIM Membership and for each one-half participation in an Associate Membership, a combination of interests consisting of 2,500 shares of Common Stock and one Series B-3, Class B membership;
4. For each IDEM Membership, a combination of interests consisting of 300 shares of Common Stock and one Series B-4, Class B membership; and
5. For each COM Membership, a combination of interests consisting of 350 shares of Common Stock and one Series B-5, Class B membership.

These five combinations of interests are referred to collectively hereinafter as "Combinations of Interests." The offer and sale of the Combinations of Interests and the Shares are being registered pursuant to the Registration Statement.

For purposes of rendering the opinions expressed herein, we have examined and relied upon the following documents in the forms provided to us by the Company: the Amended and Restated Certificate of Incorporation and Bylaws of the Company, and the Amended and Restated Certificate of Incorporation and Bylaws of CBOT Holdings, in effect as of the date hereof; the Restated Certificate and the Restated Bylaws proposed to be adopted by the Company in the Restructuring Transactions as set forth in the Registration Statement; the Amended and Restated Certificate of Incorporation of CBOT Holdings (the "CBOT Holdings Restated Certificate") and the Amended and Restated Bylaws of CBOT Holdings (the "CBOT Holdings Restated Bylaws") proposed to be adopted by CBOT Holdings in the Restructuring Transactions as set forth in the Registration Statement; the Agreement and Plan of Merger dated \_\_\_\_\_ by and among the Company, CBOT Merger Sub, Inc. and CBOT Holdings (the "Merger Agreement"); the form of resolutions to be adopted by the board of directors of the Company (the "Company Board") to declare the Dividend (the "Dividend Resolutions"); a Certificate executed by the Secretary of the Company relating to certain factual matters and representations made by the Company (the "Secretary's Certificate"); and the Registration Statement. In such examinations, we have assumed the genuineness of all signatures and the conformity to original documents of all documents submitted to us as drafts or copies or forms of documents to be executed. We have further assumed for purposes of this opinion that the memberships of the Company and participation interests therein that were outstanding prior to the issuance of the New Memberships were duly authorized and are validly issued and outstanding, and that the restrictions on transfer set forth in the CBOT Holdings Restated Certificate and in the Restated Certificate of the Company bear a reasonably necessary relation to the best interests of CBOT Holdings and the Company, respectively. No opinion is expressed with respect to the requirements of, or compliance with, federal or state securities or blue sky laws. We have not reviewed any documents other than those identified above in connection with this opinion. As to any facts material to our opinion, other

than those assumed, we have relied without independent investigation on the above-referenced documents and on the accuracy, as of the date hereof, of the matters therein contained.

Based upon and subject to the foregoing, and limited in all respects to matters of Delaware law, it is our opinion that when the New Memberships and the Shares, respectively, are issued in the Dividend and the Merger, respectively, as described in the Registration Statement and in accordance with the documents referred to therein and herein, the Shares and the New Memberships will be legally issued, fully paid and nonassessable and, accordingly, the Combinations of Interests consisting of such New Memberships and Shares will be legally issued, fully paid and nonassessable. Our opinion with respect to the nonassessable status of the New Memberships, and of the Combinations of Interests to the extent comprised of New Memberships, does not include dues, fees, fines, charges or other assessments or penalties that may be imposed by the Company on holders of memberships in accordance with and to the extent permitted by the Restated Certificate and Restated Bylaws of the Company, including the rules and regulations of the Company as incorporated into the Restated Bylaws, and we express no opinion concerning the validity or enforceability of any particular right, power, privilege, or obligation of any member of the Company or attaching to any New Membership issued by the Company.

As a matter of Delaware law, we express no opinion whether the Combinations of Interests, apart from the New Memberships (issued by the Company) and the Shares (issued by CBOT Holdings) of which such Combinations of Interests are comprised, constitute a separately issued security.

We hereby consent to the filing of this opinion as exhibit 5 to the Registration Statement and to the reference to our firm under the heading "Legal Matters" in the Prospectus forming a part thereof. In giving this consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission.

The opinion is limited to the specific issues addressed herein, and no opinion may be inferred or implied beyond that expressly stated herein. We assume no obligation to revise or supplement this opinion should the applicable law be changed by legislative action, judicial decision or otherwise after the date on which the Registration Statement is declared effective by the Commission.

This opinion is furnished to you in connection with your filing of the Registration Statement and is not to be used, circulated, quoted or otherwise relied upon for any other purpose.

Very truly yours,

GENERAL RELEASE AND SEPARATION AGREEMENT  
-----

By this General Release and Separation Agreement ("Agreement"), between David J. Vitale ("Vitale") and the Board of Trade of the City of Chicago ("CBOT"), the parties hereby stipulate and agree as follows:

WHEREAS, Vitale and the CBOT entered into an employment agreement on or about February 20, 2001 (the "Employment Agreement") for a term of four years (the "Employment Period"); and

WHEREAS, said Employment Agreement was amended by a letter agreement between the parties dated February 19, 2002 (the "Letter Agreement"); and

WHEREAS, Vitale and the CBOT wish to sever their employment relationship and terminate the Employment Period on terms and conditions which both parties consider reasonable and appropriate; and

WHEREAS, Vitale and the CBOT desire to avoid any litigation and controversy and to settle and compromise fully any and all claims and issues that have been raised, or could have been raised, as a result of Vitale's employment relationship with the CBOT, the parties' Employment Agreement, the Letter Agreement and any other claims; and

WHEREAS, the parties have agreed to the terms of this Agreement in order to completely resolve any and all issues between them.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, it is agreed by and between Vitale and the CBOT that:

1. Vitale will voluntarily resign from all offices and directorships with the CBOT effective November 4, 2002, and shall be relieved of his duties and responsibilities as set forth in Paragraph 2 of the Employment Agreement at that time. Vitale shall continue as an

active employee, on paid-vacation status, until November 30, 2002, at which time his employment shall terminate.

2. The CBOT will pay Vitale his Base Salary, as defined in Paragraph 3(a) of the Employment Agreement (\$1,250,000 per annum), through December 31, 2004.

3. The CBOT agrees to pay Vitale a Performance Bonus for the 2002 fiscal year in cash in the amount of \$500,000 and his 2002 supplemental 401(k) plan payment (including tax gross-up thereunder), less withholdings and deductions required by law, on or before December 31, 2002, even though Vitale will not be employed by the CBOT for the full fiscal year.

4. Notwithstanding the provisions of the Employment Agreement relating to the forfeiture of the Incentive Award, Vitale will remain vested in, and retain the right to exercise, his vested Appreciation Units for the period ending March 31, 2003. Any portion of his vested Appreciation Units, which now total 40% of the Incentive Award referenced in Paragraph 3(d) of and Appendix A to the Employment Agreement, that is not exercised during the period ending March 31, 2003 shall be forfeited; provided further that Vitale shall be entitled to exercise his vested Appreciation Units only in accordance with the terms set forth in Appendix A to the Employment Agreement and in the Letter Agreement except as expressly modified herein. Provided further that Vitale shall be entitled to exercise his vested Appreciated Units if and only if he has complied with and continues to comply with the terms set forth in Paragraphs 5, 6 and 7 of the Employment Agreement.

5. The CBOT shall continue to provide Vitale all health benefits covering Vitale (and his covered dependents) on the date hereof, at the CBOT's cost, for a period of one year from the effective date of his termination of employment. Thereafter, Vitale shall be entitled to all benefits under COBRA (and other similar statutes) as provided by applicable law. In the

event that Vitale obtains other employment with company paid health insurance benefits, however, the CBOT's obligation to bear the costs of continued health insurance benefits will cease.

6. The CBOT agrees to provide Vitale with an office, clerical assistance and a parking space at the CBOT's principal offices, located at 141 West Jackson Boulevard, Chicago, Illinois 60604, for a period of one year from the effective date of his termination of employment.

7. Notwithstanding any provision to the contrary in Paragraph 7 of the Employment Agreement, the CBOT agrees that the Non-Compete Period will be limited to a period of one year from the effective date of Vitale's resignation from office except with respect to the following entities, their affiliates and subsidiaries: Eurex, BrokerTec, the St. Louis Merchants Exchange and the Board of Trade Clearing Corporation. With respect to those entities, their affiliates and subsidiaries, the Non-Compete Period shall be two years from the effective date of Vitale's resignation from office. In all other respects, however, Vitale will be required to comply with the terms of the Employment Agreement, including but not limited to Paragraphs 5, 6 and 7 pertaining to Confidential Information, Inventions and Patents, Non-Compete, and Non-Solicitation. For this purpose, "affiliate" means with respect to each of the foregoing four named companies ("special competitors"): (i) any entity beneficially owning more than 50% of the vote and value of all equity interests ("control") of a special competitor, (ii) any entity controlled by a special competitor, and (iii) any entity controlled by an entity that controls a special competitor. For this purpose, a "subsidiary" is any entity in which a special competitor owns 80% or more of the vote and value of all equity interests in such entity.

8. Vitale understands and agrees that the compensation and benefits provided for in Paragraphs 2 through 6 of this Agreement, and benefits payable or otherwise provided under

CBOT group benefit plans for its employees, constitute all of the compensation and benefits to which Vitale is entitled as a result of his separation from employment with the CBOT, and Vitale hereby waives any and all other claims for additional compensation and/or benefits to which he may otherwise have been entitled under the Employment Agreement and/or Letter Agreement.

9. In exchange for the promises of the CBOT set forth in Paragraphs 4 through 6 of this Agreement, which Vitale agrees constitute consideration which is not otherwise owed or due to him, Vitale agrees, for himself, his heirs, successors, assigns or executors, to release and forever discharge the CBOT, any of its affiliated or related companies, and its and their past and present directors, officers, members, employees, representatives and insurers from any and all claims, suits, demands, causes of action, contracts, covenants, obligations, debts, costs, expenses, attorneys' fees, liabilities of whatever kind or nature in law or equity, by statute or otherwise whether now known or unknown, vested or contingent, suspected or unsuspected, and whether or not concealed or hidden, which have existed or may have existed, or which do exist, arising from any matter whatsoever, at the present time or at any time prior to the date of this Agreement (the "Claims"), including, but not limited to: (1) any and all claims under the Illinois Wage Payment and Collection Act, the Americans With Disabilities Act, the Family and Medical Leave Act, Title VII of the Civil Rights Act of 1964, The Civil Rights Act of 1866, the Rehabilitation Act of 1973, the Age Discrimination in Employment Act, the Illinois Constitution, the Illinois Human Rights Act, the Chicago Human Rights Ordinance, the Fair Labor Standards Act, the Illinois Minimum Wage Law, Federal Executive Order 11246 and any other statute, law, order, regulation or enactment of any type; (2) any and all claims for breach of contract, express or implied, including but not limited to any claims for breach of the Employment Agreement and/or Letter Agreement, retaliatory discharge, wrongful discharge and/or any other tort or common law

cause of action; and (3) any and all claims for attorneys' fees or costs. The foregoing to the contrary notwithstanding, "Claims" shall not include: (x) any and all claims under any employee benefit plan and (y) any and all claims for enforcement of this Agreement.

10. In signing this Agreement, Vitale acknowledges that he intends that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. Vitale expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied. Vitale acknowledges and agrees that the General Release contained in Paragraph 9 is an essential and material term of this Agreement and without such General Release the CBOT would not have made the promises set forth in Paragraphs 4 through 6 of this Agreement. Vitale further agrees that in the event he brings his own Claim in which he seeks damages against the CBOT or any other released party, or in the event he seeks to recover against the CBOT or any other released party in any Claim brought by a governmental agency on his behalf, this General Release shall serve as a complete defense to such Claims.

11. Vitale and the CBOT agree that no interest or right Vitale has, or any of his beneficiaries has, to receive payment or to receive benefits under this Agreement shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment, or other alienation or encumbrance of any kind, except as required by law. Nor may such interest or right to receive payment or distribution be taken, voluntarily or involuntarily, for the satisfaction of the



obligations or debts of, or other claims against Vitale or his beneficiaries, including for alimony, except to the extent required by law.

12. This Agreement shall not be construed as an admission of any wrongdoing by Vitale or by the CBOT, its affiliates, or its and their directors, officers, members, agents or employees.

13. The parties agree to issue a joint press release concerning this Agreement and the separation of Vitale's employment with the CBOT, a copy of which is attached hereto as Exhibit A. In the event either party receives an inquiry about this Agreement or the separation of Vitale's employment with the CBOT, each party agrees to respond in a manner consistent with the information provided in the joint press release.

14. This Agreement shall be interpreted in accordance with the laws of the State of Illinois. Whenever possible, each provision of his Agreement shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision shall be held to be prohibited or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting the remainder of such provision or any of the remaining provisions of this Agreement.

15. Vitale specifically acknowledges that, at least 21 days prior to the required date for executing this document, he was given a complete copy of this Agreement and by this Agreement was advised in writing to consult with an attorney concerning its meaning and effect.

16. Vitale understands that after he signs this Agreement, he has seven (7) days to revoke it. If Vitale desires to revoke the Agreement, a written revocation must be delivered to the CBOT's attorney, Joseph E. Tilson, at 123 North Wacker Drive, Suite 1800, Chicago, Illinois 60606, within seven (7) calendar days of the date Vitale signs this Agreement.

17. If this Agreement is revoked within seven (7) days of signing, the CBOT shall be relieved of all obligations under this Agreement.

18. Each party acknowledges that he or it has read and understands this Agreement and voluntarily enters into same with full knowledge of its terms and conditions. Each party further acknowledges that the terms of this Agreement are valid and binding.

19. The indemnification of Vitale set forth at Section 9(b) of his Employment Agreement shall apply to his service as a member of the Board of Directors of the CBOT (and each Committee thereof on which he serves) in like manner as is provided for his service as an officer thereunder and, any provision of Sections 8, 9 and 10 of this Agreement to the contrary notwithstanding, such officer's(s') and director's indemnification shall survive the termination of Vitale's employment in accordance with Section 11 of the Employment Agreement.

20. The CBOT shall pay all professional fees and expenses incurred by Vitale in connection with his separation of employment and the preparation of this Agreement.

BY AND FOR THE CBOT, AGREED TO AND ACCEPTED:

By: /s/ Nickolas J. Neubauer  
-----

Its: Chairman  
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Dated: 11/4/02  
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Signed and sworn to before me this 31st day of October, 2002.

/s/ Ellen M. Paparelli  
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NOTARY PUBLIC

BY AND FOR DAVID J. VITALE, AGREED TO AND ACCEPTED:

By: /s/ DAVID J. VITALE  
-----  
DAVID J. VITALE

Dated: \_\_\_\_\_

Signed and sworn to before me this 31st day  
of October, 2002

/s/ Ellen M. Paparelli

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NOTARY PUBLIC

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Chicago Board of Trade

Wednesday, November 6, 2002

FOR IMMEDIATE RELEASE

Contact: David P. Prospero  
312-435-3456  
dprosperi@cbot.com

CBOT ANNOUNCES RESIGNATION OF DAVID VITALE  
AS PRESIDENT AND CEO  
NAMES EVP BERNARD DAN AS SUCCESSOR, PROMOTES EVP CAROL  
BURKE TO ADDITIONAL ROLE OF CHIEF OF STAFF

Chicago, November 5 - The Chicago Board of Trade (CBOT) today announced that its Board of Directors has accepted the resignation of David J. Vitale as President and Chief Executive Officer, effective immediately, and has named Executive Vice President Bernard W. Dan to replace him. The CBOT also announced the promotion of Carol Burke from Executive Vice President and General Counsel to a newly created position of Executive Vice President and Chief of Staff. Bill Farrow, the third member of the CBOT's Office of the President, will continue as Executive Vice President and Chief Information Officer.

In informing the Board of Directors of his resignation, Vitale said, "When I came to the CBOT, I told you my number one goal was to make the exchange a better place, to have the membership say at the end of each year that this institution was running much better than it was at the beginning of the year. As I prepare to leave, I believe I can say we achieved that goal. During the past 18 months we have successfully executed the agenda that I was hired to implement. We have hired high quality professionals to supplement the employee team already in place. And we melded them into an effective organization. I have met many wonderful people in this episode of my career and I am thankful to all of them for their help and support. You have my best wishes for your future."

CBOT Chairman Nickolas J. Neubauer said, "On behalf of our members, I want to thank David Vitale for the work he has performed on behalf of the Exchange. David instilled new business disciplines that continue to pay off for the CBOT from an operational perspective. He helped us return the CBOT to a position of strong financial stability to the point where we have been able to make investments in our infrastructure that will benefit our customers and members. Under David's watch we have strengthened relations with the Chicago Mercantile Exchange, the Chicago Board Options Exchange, and the Board of Trade Clearing Corporation. He also has brought in tremendous professional talent such as Bernie Dan, Bill Farrow and others who, along with Carol Burke and other members of our outstanding senior management team will help the Exchange move forward seamlessly and successfully."

Neubauer added, "Bernie Dan has done a tremendous job as Executive Vice President in the past year and a half, bringing a new level of energy and an outside perspective to the business aspects of the Exchange. He understands the derivatives business and the exchange marketplace, and he has assembled a team of professionals who are developing new products and markets, and better servicing the needs of our customers and members. The CBOT has become a more product-oriented exchange, and under Bernie's leadership, with the support of our members and employees, this effort will continue to flourish."

Mr. Dan said, "I am honored to take on this responsibility during what I see as a time of tremendous opportunity for the Chicago Board of Trade. The Exchange is on track for a record year in trading volume, which I believe is due in large part to our members and to our hybrid strategy of providing our customers with the best open auction and electronic trading platforms. We will continue to promote the themes of "liquidity, flexibility and integrity" at the Chicago Board of Trade as we strengthen our mix of commodity, interest rate and equity products. I look forward to working with our Board of Directors, members, employees and customers as the Exchange moves to complete its restructuring and positions itself for future growth."

Prior to joining the CBOT in 2001, Mr. Dan served as President and CEO of Cargill Investor Services Inc. (CIS), a wholly owned subsidiary of Cargill Inc. Mr. Dan joined CIS in 1985 and held various operational positions with the company both in Chicago and in Singapore, where he served as Director of Cargill Investor Services (Singapore) Pte. Ltd. from November 1994 until April 1997. He returned to Chicago and was named Vice President and head of Global Execution, a position he held until named President and CEO in 1998. He also has served as a Governor and First Vice Chairman of the Board of Trade Clearing Corporation. Mr. Dan holds a Bachelor of Science degree from St. John's University in Collegeville, Minnesota.

In announcing the promotion of Carol Burke to Executive Vice President and Chief of Staff, Neubauer noted, "Carol has done an outstanding job during her tenure at the Exchange, and her knowledge of our business and her superior management capabilities are augmented by the excellent rapport she has with our members and employees. This new position will give Carol an expanded and important role in all business aspects of the CBOT, and her strategic insights will continue to play a vital part of the Exchange's future successes."

Ms. Burke was appointed Executive Vice President and General Counsel in 1994, where she has served as the Exchange's top strategist on a wide variety of legal and regulatory matters associated with major exchange and industry endeavors. Previously, Ms. Burke served as Vice President and Special Counsel of the CBOT for eight years. She joined the Exchange in 1983 after holding positions in the law firm of Baker & McKenzie in Rome, the Economic Crime Project in Chicago, and the Oklahoma Securities Commission. Ms. Burke

holds a Bachelor's degree from Smith College and a Juris Doctor degree from George Washington University.

For more information on the CBOT's products and markets, log on to the exchange web site at [www.cbot.com](http://www.cbot.com)

CONFIDENTIAL TREATMENT REQUESTED BY  
CBOT HOLDINGS, INC.

EXECUTION

SOFTWARE LICENSE AGREEMENT

This Software License Agreement (this "Agreement"), dated as of January 10, 2003, is among LIFFE ADMINISTRATION AND MANAGEMENT, a company incorporated in England and Wales ("LIFFE"), and BOARD OF TRADE OF THE CITY OF CHICAGO, INC., a Delaware corporation (the "CBOT"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in Section 1.

RECITALS

A. LIFFE has devised and developed an automated derivatives trading and order matching system known as "LIFFE CONNECT (TM)" to facilitate the trading of certain securities, futures, and options contracts.

B. The CBOT wishes to obtain from LIFFE a license to use and/or access certain components of the LIFFE CONNECT system, and certain other software as LIFFE may develop or provide pursuant to any Development Services Agreement and/or Managed Services Agreement that may be entered into by LIFFE and the CBOT.

C. LIFFE has agreed to license to the CBOT, subject to the terms and conditions hereof, the right (a) to use and/or access certain components of the LIFFE CONNECT system as well as any Upgrades as LIFFE may provide pursuant to any Managed Services Agreement between LIFFE and the CBOT, and any software that may be developed or provided by LIFFE pursuant to any Development Services Agreement and/or Managed Services Agreement that may be entered into by LIFFE and the CBOT; and (b) to sublicense the right to use and/or access the API and/or other Interfaces to Members, Independent Software Vendors, Quote Vendors, and other Persons wishing to participate in the CBOT Electronic Exchange.

In consideration of the recitals and the mutual covenants and agreements hereinafter set forth, the Parties hereto (each a "Party" and collectively the "Parties") agree as follows:

AGREEMENT

1. Definitions

In this Agreement, the following expressions shall mean, respectively:

"AAA" shall have the meaning set forth in Section 19.3.

"AAA Rules" shall have the meaning set forth in Section 19.3.

"Affiliate" means any Person that, directly or indirectly, controls, is controlled by or is under common control with a specified Person.

"Agreement" shall have the meaning set forth above.

"Amendment No. 4" shall have the meaning set forth in Section 25.

"API" means the LIFFE CONNECT application programming interface from a Trading Application to the Trading Host.

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SEPARATELY WITH THE COMMISSION. OMITTED PORTIONS INDICATED BY [\*\*]

"Arbitration Fees" shall have the meaning set forth in Section 19.3.7.

"Auditor" shall have the meaning set forth in Section 3.2.2.2.

"Bug Fixes" means any patch or other changes or modifications created for the primary purpose of remedying a defect in the Software.

"Business Day" means any calendar day other than any Saturday, Sunday, U.S. bank holiday, and U.K. public or bank holiday.

"CBOT Electronic Exchange" means the electronic facility for the trading of derivatives products listed from time to time by the CBOT in its capacity as a derivatives exchange.

"CBOT Indemnitees" shall have the meaning set forth in Section 17.1.

"CBOT Open Outcry Facility" means the open outcry facility for the trading of derivatives products listed from time to time by the CBOT in its capacity as a derivatives exchange.

"CBOT's Premises" means those locations owned or controlled by the CBOT.

"CBOT's Property" shall have the meaning set forth in Section 13.2.

"CBOT Technology" means any software or equipment (other than Equipment) or other technology owned by the CBOT or licensed to the CBOT by a Person other than LIFFE.

"CFTC" means the United States Commodity Futures Trading Commission.

"Claim" shall have the meaning set forth in Section 17.1.

"Confidential Information" shall have the meaning set forth in Section 14.1.

"Contractor" shall have the meaning set forth in the Interface Sublicense Agreement.

"Control" or "control" means the possession, direct or indirect, of fifty percent (50%) or more of the equity interests of another Person or the power otherwise to direct or cause the direction of the management and policies of such other Person, whether through ownership of voting securities, by contract or otherwise.

"Delegate" means a Person who has leased a CBOT membership from a Member in accordance with CBOT rules and is thereby subject to the transaction fees applicable to Delegates with respect to the CBOT mini-Eurodollar futures contract.

"Deposit Materials" shall have the meaning set forth in Section 7.1(a).

"Development Services Agreement" means any agreement that may be entered into by LIFFE and the CBOT subsequent to the Effective Date, pursuant to which LIFFE agrees to develop software applications for the CBOT Electronic Exchange.

"Development Services Deliverables" means any software and/or documentation provided to the CBOT by LIFFE pursuant to any Development Services Agreement, which software and/or



documentation has been accepted by the CBOT pursuant to the terms of such Development Services Agreement.

"Disputes" shall have the meaning set forth in Section 19.1.

"Documentation" means, collectively, the operating manuals, user instructions, technical literature, and other documentation supplied by LIFFE to the CBOT for purposes of assisting the CBOT's use of and/or access to the Software, including such documentation set forth in Part 2 of Schedule A.

"Effective Date" shall mean January 10, 2003.

"Equipment" means the computer hardware including processors, memory, discs, screens, printers, routers, and hubs to be used with the Software.

"Escrow Agreement" shall have the meaning set forth in Section 7.1.

"eSpeed" means eSpeed, Inc., a corporation organized and existing under the laws of the State of Delaware, having a place of business at 299 Park Avenue, 29th Floor, New York, New York 10171-0002.

"Euronext.liffe Exchanges" means the market administered by LIFFE and all other derivatives trading markets comprised in the Euronext N.V. Group of Companies as of the Effective Date.

"Euronext N.V. Group of Companies" means, collectively, Euronext N.V., a company organized under the laws of the Netherlands, and all Affiliates of Euronext N.V.

"Exclusivity Period" shall have the meaning set forth in Section 3.4.

"Fees" shall have the meaning set forth in Section 9.1.

"First Renewal Term" shall have the meaning set forth in Schedule I.

"Force Majeure Event" means any cause beyond a Party's reasonable control, including, but not limited to, any flood, riot, fire, judicial or governmental action, and labor disputes.

"Go-Live Date" means that date, agreed by the Parties, upon which the Software is made available for use in a real time live trading environment.

"Holdings" shall have the meaning set forth in Section 25.

"ICDR" shall have the meaning set forth in Section 19.3.

"Independent Software Vendors" and "ISVs" mean those independent software providers who develop systems via which access to the Trading Host may be achieved.

"Initial Term" shall have the meaning set forth in Section 10.1.

"Interface Sublicense Agreement" shall have the meaning set forth in Section 5.1.

"Interfaces" means, collectively, the API, the trade data interface, audit data interface, standing data interface and market data interface.

"License" shall have the meaning set forth in Section 2.

"License Fee" means the fee for the License, as specified in Schedule I.

"Licensed Technology" means, collectively, (a) the object code versions of the Software and (b) the Documentation.

"LIFFE CONNECT" means the electronic trading platform which is proprietary to LIFFE, as such trading platform may be modified from time to time.

"LIFFE Indemnitees" shall have the meaning set forth in Section 17.2.

"LIFFE Property" shall have the meaning set forth in Section 13.1.

"Location" means those premises where the Software listed in Part 1 of Schedule A is to be installed, as specified in Schedule B.

"Losses" shall have the meaning set forth in Section 17.1.

"Malicious Code" means any computer virus, Trojan horse, worm, time bomb, or other similar code or hardware component designed to disrupt the operation of, permit unauthorized access to, erase, or modify the Licensed Technology or any operating system upon which the Licensed Technology is installed, excluding security keys or other disabling elements of any Software, which elements are designed to effect restrictions on the length of time during which any Software may be used or the number of persons who may use such Software.

"Managed Services Agreement" means any agreement that may be entered into by LIFFE and the CBOT subsequent to the Effective Date, pursuant to which LIFFE agrees to provide the CBOT services relating to the operation and support of the CBOT Electronic Exchange.

"Market Data" means any representation that conveys, either directly or indirectly, information and data pertaining to futures and/or options traded on the CBOT including, but not limited to, market prices of such futures or options, opening and closing price ranges, high-low prices, settlement prices, estimated and actual contract volume, information regarding market activity including exchange for physical transactions, best bid, best offer, the size of the best bid or best offer or a discrete number of best bids and best offers then pending on the CBOT Electronic Exchange along with the corresponding size of each bid and offer.

"Media" means the media on which the Software and the Documentation are recorded or printed as provided by LIFFE to the CBOT.

"Member" means any Person authorized by the CBOT to trade on the CBOT Electronic Exchange.

"Non-Restricted Documentation" means all Documentation other than Restricted Documentation, including the Documentation identified in Part 2(a) of Schedule A.

"[\*\*]" shall have the meaning set forth in Section 3.2.2.2.

[\*\*] shall have the meaning set forth in section 3.3.1.

"Out of Pocket Expenses" shall have the meaning set forth in Section 9.1.

"Party" and "Parties" shall have the meanings set forth above.

"Person" means an individual or a partnership, corporation, limited liability company, trust, joint venture, joint stock company, association, unincorporated organization, government agency or political subdivision thereof, or other entity.

"Products Outside CBOT Field of Use" [\*\*]

"Products Within CBOT Exclusive Field of Use" [\*\*]

"Products Within CBOT Non-Exclusive Field of Use" [\*\*]

"Quote Vendors" and "QVs" mean those vendors who receive and disseminate, or wish to receive and disseminate, Market Data.

"Registration Statement" shall have the meaning set forth in Section 25.

"Relationship Manager" means that individual responsible on behalf of LIFFE or the CBOT, as applicable, for the day to day management of the relationship between LIFFE and the CBOT.

"Release Period" shall have the meaning set forth in Section 7.1(d).

"Renewal Term" shall have the meaning set forth in Section 10.2.

"Restricted Documentation" means Documentation that is designated by LIFFE as "LIFFE Restricted" or otherwise specified by LIFFE to be restricted, including the Documentation set forth in Part 2(b) of Schedule A. Notwithstanding the foregoing, all documentation provided by LIFFE to the CBOT prior to the Effective Date which is labeled "LIFFE Confidential" is Restricted Documentation for purposes of this Agreement unless LIFFE, upon the CBOT's inquiry, notifies the CBOT in writing that specific Documentation is not "Restricted Documentation."

"SEC" shall have the meaning set forth in Section 25.

"Second Renewal Term" shall have the meaning set forth in Schedule I.

"Software" means, collectively, those software applications specified in Part 1 to Schedule A, any Development Services Deliverables, and any improvements, enhancements, additions, and modifications to or of the foregoing as LIFFE may provide to the CBOT pursuant to the terms of any Managed Services Agreement.

"Sublicensee" means any Member, ISV, QV or other Person to which the CBOT wishes to sublicense a portion of the Licensed Technology.

"Taxes" shall have the meaning set forth in Section 9.2.

"Termination Notice Period" shall have the meaning set forth in Section 11.2.1.

"Third Party Materials" means any equipment, hardware, software, and/or other products obtained from any third party.

"Trading Application" means any front-end trading application or other software which interfaces with, and has been conformed with, the API.

"Trading Host" means the LIFFE CONNECT matching engine as may be developed for the CBOT pursuant to the Development Services Agreement and used on such Equipment as LIFFE may specify from time to time.

"TRS Technology" means that post-trade matching and clearing technology used, as of the Effective Date, by LIFFE and the International Petroleum Exchange, specifically, [\*\*]

"Upgrades" means, collectively, improvements, enhancements, additions and modifications to and of the Licensed Technology or any portion thereof which LIFFE specifies for use and/or access as Licensed Technology.

"U.S." means the United States of America.

"Wagner/eSpeed Patent" means U.S. Letter Patent No. 4,903,201 (the '201 patent).

"Wagner License" shall have the meaning set forth in Section 16.2.

## 2. License

2.1 Grant of License. Subject to the terms and conditions hereof, LIFFE hereby grants to the CBOT a non-transferable right and license (the "License"):

- (a) from the Effective Date to the Go-Live Date, to use and/or access the Licensed Technology as necessary for purposes of carrying out any rights or obligations of the CBOT pursuant to any Development Services Agreement; and
- (b) from the Go-Live Date to the effective date of termination of this Agreement, (i) to use and/or access the TRS Technology for purposes of operating the CBOT Electronic Exchange and the CBOT Open Outcry Facility; (ii) to use and/or access the Licensed Technology (excluding the TRS Technology) solely for purposes of operating the CBOT Electronic Exchange; and (iii) to sublicense the right to use and/or access the Interfaces and Documentation relating thereto to facilitate the participation in the CBOT Electronic Exchange of Sublicensees.

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2.2 Hosting. The CBOT shall not use the Licensed Technology, or any component thereof, to facilitate the trading of any derivative product, physical commodity or financial instrument listed by (a) any U.S. domiciled "organized exchange," "board of trade" or "trading facility" (as each such term is defined in the Commodity Futures Modernization Act of 2000) under the jurisdiction of the CFTC, other than the CBOT, or (b) any other third party exchange, board of trade, association, communication network, alternative trading system, trading facility or trading platform. For the avoidance of doubt, the foregoing limitation of the scope of the License shall not apply to Trading Applications.

### 3. Scope of License

The Parties acknowledge that (a) they will be making a significant investment in the customization and implementation of the Licensed Technology to trade products listed by the CBOT and the Euronext.liffe Exchanges, respectively, and (b) carrying out their obligations under this Agreement and any Development Services Agreement and/or Managed Services Agreement will necessitate access to the Confidential Information of the other Party relating to such other Party's respective products, technologies, and business methodologies. Therefore, in accordance with and subject to Sections 3.1 - 3.6 below, the License is:

- (i) during the Exclusivity Period, (x) exclusive, to the extent set forth in Section 3.1, with respect to use of the Licensed Technology in connection with Products Within CBOT Exclusive Field of Use; and (y) non-exclusive with respect to use of the Licensed Technology in connection with Products Within CBOT Non-Exclusive Field of Use; and
- (ii) after the Exclusivity Period, non-exclusive with respect to use of the Licensed Technology in connection with any futures or options products.

3.1 Exclusive License Granted to CBOT. In order to preclude free riding on the significant investment by the CBOT in the customization of LIFFE CONNECT pursuant to any Development Services Agreement, and to protect the Confidential Information of the CBOT and other intellectual property concerning the CBOT's products, technologies, and business methodologies, LIFFE agrees that, subject to Sections 3.3.1 and 4, Products Within CBOT Exclusive Field of Use will not be made available for trading on LIFFE CONNECT:

- (a) by (i) the Euronext.liffe Exchanges and (ii) any derivatives trading market which becomes comprised in the Euronext N.V. Group of Companies after the Effective Date, to the extent that such derivatives trading market is not already trading Products Within CBOT Exclusive Field of Use at the time that it becomes comprised in the Euronext N.V. Group of Companies (but, for the avoidance of doubt, no clearing, settlement, or custody-related activities of the Euronext N.V. Group of Companies shall be deemed to violate the foregoing limitations); or
- (b) as a consequence of the licensing of LIFFE CONNECT by LIFFE to a U.S. domiciled "organized exchange," "board of trade" or "trading facility" (as such terms are defined in the Commodity Futures Modernization Act of 2000) under the jurisdiction of the CFTC, as such CFTC jurisdiction is established as of the Effective Date, whether or not such exchange, board of trade or trading facility is a member of or becomes comprised in the Euronext N.V. Group of Companies (but, for the avoidance of doubt, such limitations shall not apply in respect of any other exchange, board of trade, association, communication network, alternative

trading system, trading facility or trading platform, whether or not its products are made available for trading in the U.S. and/or to U.S. investors).

### 3.2 Scope of CBOT License.

3.2.1 General Restrictions. In recognition of the significant investment that LIFFE has made in the customization and implementation of the Licensed Technology to trade products listed by the Euronext.liffe Exchanges, and to protect the Confidential Information of LIFFE, and subject to Sections 3.2.2 and 3.4, the CBOT agrees that the license granted hereunder does not include the right to use the Licensed Technology in connection with Products Outside CBOT Field of Use.

#### 3.2.2 Eurodollars.

- (i) 3.2.2.1 Payment. The CBOT may make available for trading on the Licensed Technology the CBOT's existing U.S. \$500,000 notional value Eurodollar futures contracts provided that if, during any calendar quarter, the [\*\*] in such CBOT Eurodollar futures contracts on the Licensed Technology exceeds [\*\*] then the CBOT shall pay to LIFFE an amount equal to [\*\*]

The CBOT shall make any such payment by the end of the month immediately following the end of the relevant calendar quarter. The CBOT's obligations under this Section 3.2.2.1 shall apply in respect of CBOT Eurodollar futures contracts traded on the Licensed Technology up to and including [\*\*]

3.2.2.2. Audit. LIFFE shall have the right, at its own expense, to commission an independent third party professional organization (the "Auditor") to audit the CBOT's performance of its obligations under Section 3.2.2.1 and to provide the results of such audit to [\*\*]. The CBOT shall cooperate fully with any such audit and shall provide the Auditor access to all relevant books and records, during normal business hours or as otherwise agreed by the Parties. Notwithstanding the foregoing, the information that may be disclosed by the Auditor to LIFFE and [\*\*] shall be subject to Section 14 and will be limited to (a) the amount that was paid to LIFFE by the CBOT in respect of each calendar quarter forming the subject of the audit and (b) the amount that should properly have been paid to LIFFE by the CBOT during each such calendar quarter.

### 3.3 Third Party Licensees.

#### 3.3.1 [\*\*]

3.3.2 Other Licensees. LIFFE will take all commercially reasonable steps (including pursuing court proceedings) to ensure that neither any licensee of LIFFE CONNECT other than the CBOT, nor any other Person, contravenes the exclusivity limitations set forth in Section 3.1. For the avoidance of doubt, preparatory work up to the date on which products are made available for trading

in the live market may be undertaken within the Exclusivity Period by any licensee of LIFFE CONNECT or any other Person without triggering LIFFE's obligations under the preceding sentence.

3.4 Exclusivity Period. Subject to Section 3.5, the field of use and exclusivity limitations set forth in Sections 3.1 and 3.2.1 shall take effect upon the Effective Date and will remain in force until [\*\*] (the "Exclusivity Period"). Thereafter, subject to Section 2.2, the CBOT shall be permitted to make any futures and options products available for trading via the Licensed Technology on a non-exclusive basis. For the avoidance of doubt, preparatory work up to the date on which products are made available for trading in the live market undertaken within the Exclusivity Period will not constitute a breach of the field of use or exclusivity limitations of Sections 3.1, 3.2 or 3.3.

3.5 [\*\*] In the event that LIFFE terminates this Agreement in accordance with Section 11.2, then the CBOT shall not, during the Termination Notice Period, make available for trading on the Licensed Technology (a) any product that is listed by one or more of the Euronext.liffe Exchanges, as of the date upon which notice of termination is given by LIFFE, or (b) any product that (i) one or more of the Euronext.liffe Exchanges has publicly announced, prior to the date notice of termination is given by LIFFE, it intends to launch and (ii) is not traded by the CBOT on the Licensed Technology as of the date of any such notice of termination is given by LIFFE.

3.6 Acknowledgement. As of the Effective Date, (a) LIFFE is not subject to any agreements which would materially affect its ability to grant the License, and (b) the CBOT is not subject to any agreements which would materially affect its ability to comply with the License.

3.7 [\*\*] The license granted hereunder includes the right to use the Licensed Technology in connection with futures and options on the [\*\*] only pursuant to a joint listing arrangement mutually agreed upon by the Parties.

#### 4. Restrictions on Use

##### 4.1 Software.

4.1.1 General Restrictions. The CBOT may (a) use and/or access the Software on the Equipment, only at the Locations set forth in Schedule B, and (b) have and make available for use only four (4) run-time copies of the Trading Host. With respect to all Software installed or otherwise located at or accessible from the CBOT's Premises and any other Software to which the CBOT is provided access, the CBOT agrees:

- (a) not to, and not to permit any other Person to, copy, modify, decompile, reverse engineer, disassemble or otherwise reduce to a humanly perceivable form, combine with any other works, including any hardware or software facilitating the voice activation of any component of the Licensed Technology, make any attempt to discover the source code of, create derivative works based on, translate, market, sell, or distribute the Software or otherwise make the Software available to any third party, without the prior written consent of LIFFE, except as provided in Sections 2 and 4.1;
- (b) not to, and not to permit any other Person to, remove or alter in any manner any trademarks, trade names, copyright notices or other

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proprietary or confidentiality notices or designations, of LIFFE or any other Person, contained or displayed in or on the Software; or

- (c) to ensure that neither the CBOT nor any other Person (excluding LIFFE) introduces any Malicious Code into the Software or otherwise uses the Software to further any illegal purpose.

For the avoidance of doubt, with respect to any Software to which the CBOT has access, the CBOT shall neither provide or allow [\*\*] access, nor permit any other Person to provide or allow [\*\*] access, to such Software or any portion thereof.

4.1.2 Copies. Subject to Section 4.1, the CBOT may not copy the Software except that the CBOT may, for archival or backup purposes, make a reasonable number of copies of Software installed or otherwise located at the CBOT's Premises. All copies of the Software are subject to the terms and conditions of this Agreement. The CBOT shall (i) ensure that all trademarks, trade names, copyright notices and other proprietary and confidentiality notices or designations, of LIFFE or any other Person, contained or displayed in or on the Software are reproduced on all Software copies created by the CBOT; (ii) maintain a current and accurate record of the number of copies made and of the specific location of each such copy; and (iii) ensure that all backup copies are marked as such and are not used for any purpose other than as backup in the event of damage or destruction of other copies.

#### 4.2 Documentation.

4.2.1 Non-Restricted. The CBOT may (a) distribute Non-Restricted Documentation to actual and prospective Sublicensees and to other Persons for purposes related to the operation of the CBOT Electronic Exchange by or on behalf of the CBOT; (b) create as many copies of the Non-Restricted Documentation as reasonably necessary for the purposes set forth in Section 4.2.1(a); (c) permit Sublicensees to copy such Non-Restricted Documentation to the extent allowed by the Interface Sublicense Agreements; and (d) permit prospective Sublicensees to copy any Non-Restricted Documentation which is designed primarily for the purpose of marketing the CBOT Electronic Exchange.

4.2.2 Restricted. The CBOT (a) may create only the number of copies of the Restricted Documentation specified in Part 2(b) of Schedule A; and (b) shall maintain a current record of (x) the number of copies of such Restricted Documentation made by the CBOT, (y) the Persons given access to each item of Restricted Documentation, and (z) the current location of each item of Restricted Documentation.

4.2.3 General Limitations. All copies of the Documentation are subject to the terms and conditions of this Agreement. The CBOT shall ensure that all trademarks, trade names, copyright notices and other proprietary and confidentiality notices or designations, of LIFFE or any other Person, are reproduced on all copies of the Documentation (both Restricted and Non-Restricted). The CBOT agrees not to, and not to authorize any other Person to: (a) except as permitted in Sections 4.2.1, 4.2.2 and/or 14, as applicable, copy, modify, create derivative works based on, translate, market, sell, or distribute the Documentation, or otherwise make the



Documentation available to any third party, without the prior written consent of LIFFE; or (b) remove or alter in any manner any trademarks, trade names, copyright notices or other proprietary or confidentiality notices or designations contained or displayed in the Documentation.

5. Interface Sublicense Agreements

5.1 Interface Sublicense Agreements. Each Member, ISV, QV, or any additional Person wishing to interface with the API and/or another Interface and to participate in the CBOT Electronic Exchange shall be required by the CBOT to enter into, and provide to the CBOT an executed copy of, the "Interface Sublicense Agreement," in the form attached hereto as Schedule E (each, as executed by the CBOT and a Sublicensee, an "Interface Sublicense Agreement"). Amendments to any Interface Sublicense Agreement may be made only upon LIFFE's prior written consent. Upon the written request of LIFFE, the CBOT shall promptly provide to LIFFE copies of a current, fully executed Interface Sublicense Agreement for each Sublicensee authorized to gain access to one or more of the Interfaces.

5.2 Enforcement. The CBOT:

- (a) shall enforce each Sublicensee's compliance with the terms of the Interface Sublicense Agreement;
- (b) shall provide LIFFE written notice of any violation by a Sublicensee or any other Person of any Interface Sublicense Agreement, immediately upon becoming aware of any such violation;
- (c) shall provide LIFFE written notice of the termination (specifying the effective date of termination) of any Interface Sublicense Agreement, immediately upon the CBOT receiving or giving notice of such termination;
- (d) shall upon the termination of any Interface Sublicense Agreement, provide LIFFE any reasonable assistance as LIFFE may request in facilitating either the return to LIFFE of, or the destruction of and certification of the destruction of, all Licensed Technology in the possession of the relevant Sublicensee, at the CBOT's expense;
- (e) shall provide LIFFE written notice promptly upon becoming aware of any acts or omissions of any Person, in addition to those required to be reported pursuant to Section 5.2(b), which the CBOT believes, in its reasonable judgment, (i) might jeopardize or prejudice the rights of LIFFE or its suppliers in the Licensed Technology; (ii) would result in the Licensed Technology being confiscated, seized, requisitioned, taken in execution, impounded or otherwise taken from any location; or (iii) threaten the security or operations of the Licensed Technology.
- (f) shall provide LIFFE written notice promptly upon becoming aware of any claim, demand, or cause of action brought against the CBOT by a Sublicensee or any other Person, or any subpoena served upon the CBOT or any employee, officer or director thereof, which relates to (i) any Interface Sublicense Agreement, or (ii) the Licensed Technology or any component thereof; and
- (g) shall not repossess or disable any Software located at any premises owned or controlled by any Sublicensee, and shall enforce its rights under the Interface

Sublicense Agreements so as not to permit any Person (other than LIFFE or LIFFE's designee) to repossess or disable any Software located at any premises owned or controlled by any Sublicensee, notwithstanding Section 5.2(a).

6. Obligations of the CBOT and LIFFE

6.1 Security. In addition to all other duties of the CBOT specified hereunder in respect of Licensed Technology and the use or access thereof by the CBOT, the CBOT shall use reasonable efforts to (a) comply with LIFFE's security policy, a copy of which is attached as Schedule F hereto, and (b) establish and maintain supervisory and security procedures satisfactory to LIFFE for the purpose of protecting all Licensed Technology and LIFFE's rights, title and interest in and to the Licensed Technology.

6.2 Third Party Licenses. The CBOT shall enter into and comply with the terms and conditions of those third party license agreements set forth in Schedule G. The CBOT acknowledges and agrees that any rights or remedies to be pursued by the CBOT in respect of any third party software shall be pursued against the third party licensor (and not LIFFE).

6.3 Upgrades. Subject to any applicable obligations of LIFFE pursuant to any Managed Services Agreement entered into by the Parties, nothing herein shall require LIFFE to (a) create any Upgrades or (b) license to the CBOT for use and/or access as "Licensed Technology" hereunder any modifications, enhancements, improvements or additions to the Licensed Technology as LIFFE may choose to create. Notwithstanding the foregoing, in the event LIFFE delivers to the CBOT any Upgrades pursuant to any Managed Services Agreement, the CBOT shall install such Upgrades in accordance with the terms of such Managed Services Agreement.

6.4 Materials and Assistance. In order to facilitate the Parties' performance of their obligations hereunder, the CBOT shall promptly provide to LIFFE such information and documentation as LIFFE may reasonably request.

6.5 Export Compliance. The CBOT and LIFFE each shall comply with all applicable export laws and regulations of the United States and foreign authorities, including regulatory authorities. For purposes of this obligation, export laws and regulations include, but are not limited to, all applicable end use controls and all applicable restrictions on the export, reexport and transfer of encryption items.

7. Escrow Agreement

7.1 Terms. The Parties shall enter into a separate agreement with an escrow agent specified by LIFFE, which agreement shall be substantially in the form of the agreement attached as Schedule H (the "Escrow Agreement"). In addition to any other terms upon which the Parties may agree, the Escrow Agreement will provide:

- (a) within six (6) months of the execution of the Escrow Agreement, but in no event earlier than the conclusion of the sixth month following the Go-Live Date, LIFFE shall deposit with the escrow agent that source code to the then current versions of the Software which has been developed by LIFFE or is available to LIFFE, all other software and documentation (including libraries, make files, and object code) necessary to build the Software, and Documentation relating thereto (collectively, the "Deposit Materials");

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- (b) the Deposit Materials will be updated quarterly;
- (c) the Deposit Materials may be released only in accordance with the procedures set forth in the Escrow Agreement and upon the occurrence of one or more of the following release conditions: LIFFE (i) becomes insolvent, (ii) files for voluntary protection under the bankruptcy laws of the United States or England and Wales, or (iii) becomes subject to any involuntary bankruptcy or insolvency proceeding under laws of the United States or England and Wales (which proceeding is not dismissed by a court of competent jurisdiction within sixty (60) Business Days);
- (d) upon release, the CBOT will be entitled to use such Deposit Materials for (i) a period not to exceed [\*\*] months following the date of release of the Deposit Materials (the "Release Period"), and (ii) the sole purpose of continuing the CBOT's use of the Licensed Technology as permitted by this Agreement, provided that (x) the CBOT shall have the right to modify the source code of Deposit Materials comprising software only to the extent necessary to create Bug Fixes and (y) the CBOT shall be obligated to maintain the confidentiality of the released Deposit Materials; and
- (e) the CBOT shall be responsible for payment of all fees and expenses owed to the escrow agent pursuant to the Escrow Agreement.

7.2 Return of Deposit Materials. In the event the Deposit Materials are released and, prior to any effective date of termination of the Release Period, any involuntary bankruptcy or insolvency proceeding referenced in Section 7.1(c) (iii) is dismissed, then the CBOT shall (a) return to LIFFE all Deposit Materials and any Bug Fixes created by or on behalf of the CBOT; (b) provide LIFFE with any modified source code (including source code pertaining to any Bug Fixes created by or on behalf of the CBOT); or (c) destroy any and all copies of the Deposit Materials in the CBOT's possession and/or control, via a method that renders all such copies permanently unrecoverable, and certify any such copies as destroyed via such a method.

#### 8. Inspection, Removal, or Disablement of the Licensed Technology

In the event that any Licensed Technology is located at the CBOT's Premises, LIFFE shall be entitled to have reasonable access to the CBOT's Premises and such Licensed Technology, and:

- (a) to inspect such Licensed Technology or any portion thereof: (i) to determine whether the CBOT is complying or has complied with its obligations under this Agreement; and/or (ii) to facilitate LIFFE's efforts to remedy any defect or error in the Licensed Technology or any portion thereof; and
- (b) to disable and/or to remove such Licensed Technology or any part or parts thereof (i) if the CBOT has failed or is failing to comply with its obligations under this Agreement; or (ii) to facilitate LIFFE's efforts to remedy any defect or error in the Licensed Technology or any portion thereof.

#### 9. Fees

9.1 Payment. In consideration for the rights and licenses granted hereunder, the CBOT shall, via wire transfer of immediately available funds to such bank account as LIFFE may specify, (a) pay to LIFFE the License Fee in accordance with Schedule I, and (b) reimburse LIFFE for any out of pocket

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expenses incurred by LIFFE hereunder (collectively, "Out of Pocket Expenses") (the License Fee and Out of Pocket Expenses, collectively, the "Fees"). All payments hereunder shall be made in pounds sterling.

9.2 Taxes. The Fees are exclusive of all international, national or state taxes (including withholding taxes), levies, duties, or similar charges, however designated, that may be assessed by any jurisdiction under current law or as a result of any change in the law following the date thereof (collectively, "Taxes"), and the CBOT shall pay or reimburse LIFFE for all such Taxes that may be levied or imposed in relation to this Agreement or any of the rights and licenses granted hereunder, excluding taxes based on the net income of LIFFE. Prior to receiving from the CBOT any payment which may be subject to United States withholding taxes, LIFFE shall deliver to the CBOT two original copies of Internal Revenue Service Form "W-8BEN" (or any successor forms), accurately completed and duly executed by LIFFE certifying, in Line 9a thereof (or the corresponding line of any successor forms), that the applicable treaty is the United States-United Kingdom Income Tax Convention, and further certifying the matters set forth in Line 9b and 9c of Form "W-8BEN" (or the corresponding lines of any successor forms). LIFFE hereby agrees, from time to time after the initial delivery by LIFFE of such forms whenever a lapse in time or change of circumstances renders such forms obsolete or inaccurate in any material respect, to deliver to the CBOT two new original copies of Internal Revenue Service Form "W-8BEN" (or any successor forms), accurately completed and duly executed by LIFFE. Notwithstanding this Section 9.2, the relevant Fees shall be paid net of any U.S. federal income withholding tax caused by the failure of LIFFE to provide the CBOT with such forms, unless a change in applicable law of the United States, enacted or promulgated after the date hereof, makes it impossible for LIFFE to continue to make the certifications described above.

9.3 Invoices. LIFFE shall invoice the CBOT for the License Fee in accordance with Schedule I, in pounds sterling. LIFFE shall invoice the CBOT monthly in arrears for the Out of Pocket Expenses and any additional amounts due hereunder (excluding the License Fee), in pounds sterling. Payment of each invoice shall be made by the CBOT within fourteen (14) days of the date of receipt of such invoice by the CBOT, unless the CBOT makes a good faith objection to the terms of the invoice, in which case (a) the CBOT shall pay the undisputed amount of the invoice, and (b) the Parties shall promptly undertake to resolve the disputed portion of the invoice.

9.4 Suspension. If the CBOT fails to pay any undisputed sum due under this Agreement, then, without prejudice to any other remedy available to LIFFE, LIFFE may, upon fourteen (14) days prior written notice to the CBOT, suspend the CBOT's License, provided that the CBOT has not made payment within such period of time. In the event of reinstatement of the License, the CBOT will (i) pay LIFFE for all work undertaken by LIFFE in connection with such reinstatement on a time and materials basis in accordance with LIFFE's then current hourly rates for comparable services, and (ii) the CBOT shall be required to install any such Upgrades to the version(s) of the Licensed Technology last utilized by the CBOT, as LIFFE may specify.

9.5 Late Payment. If the CBOT fails to pay any undisputed Fees due under this Agreement, then interest shall be charged thereon from the date of issuance of the applicable invoice until the date payment is made, at the rate of the lesser of one and one half percent (1.5%) per month, or the maximum amount allowed under applicable law.

10. Term

10.1 Initial Term. The initial term of this Agreement shall commence on the Effective Date and shall continue for a period of [\*\*] years from the Go-Live Date ("Initial Term"), unless terminated earlier in accordance with Section 11.

10.2 Renewal. Unless terminated earlier in accordance with Section 11, THIS AGREEMENT WILL AUTOMATICALLY RENEW FOR NO MORE THAN [\*\*] SUCCESSIVE PERIODS OF [\*\*] YEARS (each, a "Renewal Term").

11. Termination

11.1 By the CBOT.

11.1.1 Non-Renewal. The CBOT may terminate this Agreement, for any reason, upon written notice to LIFFE provided at least [\*\*] months prior to the end of the Initial Term or the First Renewal Term (if any).

11.1.2 Development Services Agreement and Managed Services Agreement. The CBOT may terminate this Agreement immediately upon notice to LIFFE in the event that the Parties have not entered into (a) a Development Services Agreement by [\*\*] or (b) a Managed Services Agreement by [\*\*]

11.2 By LIFFE.

11.2.1 [\*\*] LIFFE may terminate this Agreement, upon twelve (12) months prior written notice to the CBOT ("Termination Notice Period"), if [\*\*] or any Affiliate of [\*\*] directly or indirectly acquires control of the CBOT.

11.2.2 Development Services Agreement and Managed Services Agreement. LIFFE may terminate this Agreement immediately upon notice to the CBOT in the event that the Parties have not entered into a Development Services Agreement and a Managed Services Agreement by [\*\*]

11.3 By Either Party.

11.3.1 Material Breach. Subject to Section 12.3, at any time during the term of this Agreement, either Party may terminate this Agreement immediately upon written notice to the other Party if the other Party commits a breach of any of its material obligations under this Agreement and fails to remedy such material breach within thirty (30) days of receipt of written notice thereof.

11.3.2 Insolvency. At any time during the term of this Agreement, either Party may terminate this Agreement upon thirty (30) days prior written notice if: (a) the other Party (i) becomes insolvent, (ii) voluntarily commences any proceeding or files any petition under the bankruptcy laws of the United States or England and Wales, (iii) becomes subject to any involuntary bankruptcy or insolvency proceedings under the laws of the United States or England and Wales, which proceedings are not dismissed within thirty (30) days, (iv) makes an assignment for the benefit of its creditors, or (v) appoints a receiver, trustee, custodian or

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liquidator for a substantial portion of, its property, assets or business; or (b) the other Party passes a resolution for its winding up or dissolution, or a court of competent jurisdiction makes an order for such other Party's winding up or dissolution.

11.4 Automatic Termination. As maintenance services relating to the Licensed Technology will be required (at a minimum), this Agreement will terminate automatically upon termination of the Managed Services Agreement.

## 12. Consequences of Termination

### 12.1 Licensed Technology.

12.1.1 In CBOT's Possession. Following termination of this Agreement, the CBOT shall (a) immediately cease use of the Licensed Technology; (b) at LIFFE's request and at the CBOT's expense, (i) immediately return to LIFFE, or destroy and certify as destroyed, any Licensed Technology in the CBOT's possession and/or control (including all Documentation), and (ii) return to LIFFE any and all other LIFFE Property in the CBOT's possession and/or control; and (c) within fourteen (14) days of the effective date of termination of this Agreement, permanently erase and certify the erasure of the Software (and all copies thereof) from the Equipment and all backup Media.

12.1.2 In Sublicensees' Possession. Upon or prior to the effective date of termination of this Agreement, the CBOT shall (a) terminate all Interface Sublicense Agreements; (b) require each Sublicensee, to which the CBOT has sublicensed the right to use and/or access certain components of the Licensed Technology, to (i) cease use of such Licensed Technology and (ii) promptly return to LIFFE, or destroy and certify as destroyed, each item of Licensed Technology in such Sublicensee's possession and/or control (including all Documentation), and (iii) promptly return to LIFFE any other LIFFE Property within such Sublicensee's possession and/or control; and (c) notwithstanding Section 12.1.2(b), return to LIFFE any LIFFE Property that has been provided to the CBOT by any Sublicensee, promptly upon the CBOT's receipt thereof.

12.2 Third Party Obligations. In the event of termination of this Agreement, LIFFE will use commercially reasonable efforts to terminate any contracts with third parties relating to LIFFE's provision of the Licensed Technology or other obligations hereunder (or relevant portions thereof). Notwithstanding the foregoing, the CBOT shall be obligated to reimburse LIFFE for any and all costs and expenses relevant to this Agreement for which LIFFE is contractually obligated as of the termination hereof.

12.3 Transition. In the event of LIFFE's notice of termination to the CBOT pursuant to Section 11.3.1 for a material breach that is incapable of remedy, the License provided hereunder shall continue for a period of up to [\*\*] months from the date upon which notice of termination is given (the "Transition Period"); provided that, within thirty (30) days following notice of termination, (a) the CBOT has accepted full liability for such material breach via written notice to LIFFE in a form acceptable to LIFFE, in LIFFE's sole discretion; and (b) the CBOT has submitted to LIFFE reasonable assurances that it has employed measures sufficient to prohibit repetition of such material breach. Notwithstanding the foregoing, (i) during any Transition Period, LIFFE shall not be held liable for any failure to perform

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any obligations under this Agreement (x) that have been transitioned by the CBOT to a Person other than LIFFE, or (y) that have been wound down or phased out; and (ii) in the event of the CBOT's breach of any of its material obligations under this Agreement during any Transition Period, then LIFFE may terminate this Agreement immediately upon notice to the CBOT.

12.4 Survival. The termination of this Agreement for any reason will not affect the accrued rights of the Parties or the right of either Party to sue for damages arising from a breach of this Agreement. Notwithstanding termination of this Agreement, the CBOT shall remain liable to pay LIFFE all sums accrued or due on or prior to the effective date of termination. Sections 1, 5.2, 6.5, 8, 9, 12, 13, 14, 16.3, 17, 18, 19, 21, 22, 24, 27, 28, 29, 30, 32 and 34 shall survive beyond the effective date of termination of this Agreement and shall remain in full force and effect.

### 13. Proprietary Rights

13.1 LIFFE Property. As between the CBOT and LIFFE, all rights, title and interest in and to the Licensed Technology and all portions thereof (excluding the third party software specified in Schedule G), including but not limited to, all Development Services Deliverables; all Upgrades (including Bug Fixes created by or on behalf of the CBOT pursuant to Section 7.1(d)); all Confidential Information of LIFFE; all Documentation; the Equipment; all other materials whatsoever relating to the Licensed Technology and provided by LIFFE to the CBOT and/or any Sublicensees, including any gateways, hubs, routers, cables, cabinets and servers; and any other materials provided by LIFFE to the CBOT and/or any Sublicensees under this Agreement; including all copyrights, trademarks, patents, trade secrets and other intellectual property inherent in the foregoing or appurtenant thereto (collectively, "LIFFE Property") shall be and remain vested in LIFFE (or LIFFE's Affiliates, suppliers or licensors, as applicable). To the extent, if any, that ownership of the LIFFE Property does not automatically vest in LIFFE by virtue of this Agreement or otherwise, the CBOT hereby transfers and assigns to LIFFE, as of the date of creation, all rights, title and interest which the CBOT may have in and to such LIFFE Property. The CBOT undertakes, at the CBOT's expense, to do or cease to do all such acts as LIFFE may reasonably direct, and to execute, or cause its employees, agents and/or subcontractors to execute, all such documents as LIFFE deems reasonably necessary or helpful to assure further the rights, title and interest of LIFFE or its nominee in and to such LIFFE Property.

13.2 CBOT's Property. Notwithstanding the foregoing, as between the CBOT and LIFFE, all rights, title and interest in and to (a) the CBOT Technology (if any); (b) Market Data (collectively, the "CBOT's Property") shall be and remain vested in the CBOT; (c) all Confidential Information of the CBOT; and (d) all copyrights, trademarks, patents, trade secrets and other intellectual property inherent in the foregoing or appurtenant thereto.

### 14. Confidentiality

14.1 Confidential Information. Subject to Section 14.2, each Party shall treat as confidential the terms and conditions of this Agreement (excluding the existence of this Agreement), all information (a) marked as confidential, "CBOT Restricted" and/or "LIFFE Restricted" (as applicable) or (b) which the recipient should reasonably know, by its nature or the manner of its disclosure, to be confidential (including, but not limited to, the information and materials the CBOT has obtained rights to use hereunder), which either Party may receive or have access to during or prior to the performance of this Agreement ("Confidential Information"). Neither Party shall (i) use the Confidential Information of the other Party for any purpose other than the performance of its obligations under this Agreement, or (ii) divulge such Confidential Information (x) without the other Party's prior written consent, to anyone other than the employees, subcontractors, consultants or advisors of such Party who are subject to

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nondisclosure obligations and to whom such disclosure is reasonably necessary to facilitate the performance of this Agreement; or (y) unless requested pursuant to a judicial or governmental request, requirement or order under law (including disclosure obligations of the Parties under applicable securities laws), in which case, if not so prohibited by a regulatory or other governmental authority or an order of a court of competent jurisdiction, the receiving Party will promptly notify the other Party of such request; provided that, if, in the opinion of counsel to the receiving Party, such disclosure is required under securities laws, the receiving Party, in consultation with the other Party, shall additionally use good faith efforts to secure confidential treatment of the information so disclosed. "Confidential Information" of LIFFE includes, but is not limited to, Restricted Documentation and the source code of the Software. For the avoidance of doubt, with respect to Confidential Information of LIFFE that has been disclosed to the CBOT or to which the CBOT has access, the CBOT shall neither provide or permit [\*\*] access to, nor permit any other Person to provide or permit [\*\*] access to, any Confidential Information of LIFFE or any derivative work based on such Confidential Information.

14.2 Exclusions. Notwithstanding Section 14.1, Confidential Information will not include information (a) which is independently developed by the receiving Party or is lawfully received free of restriction from another source that, to the receiving Party's knowledge, has the right to furnish such information; (b) after it has become generally available to the public by acts not attributable to the receiving Party or its employees, consultants or advisors; or (c) which, at the time of disclosure to the receiving Party, was known to the receiving Party free of restriction.

#### 15. Subcontractors

LIFFE may appoint subcontractors and agents to carry out the whole or any part of its obligations hereunder; provided, however, that LIFFE shall obtain the CBOT's consent to any subcontractors whose primary residence is located in the United States, which consent will not be unreasonably withheld. For the avoidance of any doubt, LIFFE shall not have an obligation to obtain the CBOT's consent in respect of any subcontractors whose primary residence is located to LIFFE's knowledge, outside the United States.

#### 16. Warranties

16.1 LIFFE. LIFFE warrants that (a) it has the requisite corporate power and authority to execute and perform this Agreement; (b) its execution and performance of its obligations hereunder will not violate any other agreement or regulatory obligation to which it is bound; and (c) to LIFFE's knowledge, the Software contains no Malicious Code. EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, LIFFE MAKES NO, AND HEREBY DISCLAIMS ALL, WARRANTIES, CONDITIONS, UNDERTAKINGS, TERMS OR REPRESENTATIONS, EXPRESSED OR IMPLIED BY STATUTE, COMMON LAW OR OTHERWISE, IN RELATION TO THE LICENSED TECHNOLOGY OR ANY PORTION OF THE SAME OR THE USE THEREOF, INCLUDING BUT NOT LIMITED TO ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. LIFFE FURTHER DISCLAIMS ALL WARRANTIES, IMPLIED OR OTHERWISE, RELATING TO ANY THIRD PARTY MATERIALS.

16.2 The CBOT. The CBOT hereby warrants to LIFFE that (a) it has the requisite corporate power and authority to execute and perform this Agreement; (b) its execution and performance of its obligations hereunder will not violate any other agreement or regulatory obligation to which it is bound; (c) it is a valid licensee of the Wagner/eSpeed Patent pursuant to Attachment B to that certain "Settlement Agreement" between the CBOT, The Chicago Mercantile Exchange, Electronic Trading Systems Corporation and eSpeed, entered into as of August 26, 2002, in settlement of eSpeed, Inc. and Electronic Trading Systems Corporation v. The Board of Trade of the City of Chicago and The Chicago Mercantile

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Exchange, before the United States District Court for the Northern District of Texas (Civil Action No. 3:99-CV-1016-M) (the "Wagner License"), a copy of which has been provided to LIFFE; and (d) the License, the Licensed Technology provided hereunder, and the use of such Licensed Technology by or on behalf of the CBOT and Sublicensees, are encompassed by such Wagner License and will not violate the terms of the Wagner License. EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, THE CBOT MAKES NO, AND HEREBY DISCLAIMS ALL, WARRANTIES, CONDITIONS, UNDERTAKINGS, TERMS OR REPRESENTATIONS, EXPRESSED OR IMPLIED BY STATUTE, COMMON LAW OR OTHERWISE, IN RELATION TO THE LICENSED TECHNOLOGY AND CBOT PROPERTY OR ANY PORTION OF THE SAME OR THE USE THEREOF, INCLUDING BUT NOT LIMITED TO ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT.

17. Indemnification

17.1 By LIFFE. LIFFE shall defend, indemnify and hold the CBOT, and the officers, directors, employees, agents, and representatives of the CBOT ("CBOT Indemnitees") harmless from and against all costs, claims, demands, losses, expenses and liabilities of any nature whatsoever (including reasonable attorneys fees) ("Losses") incurred or suffered by such CBOT Indemnitees arising out of, or in connection with, any third party claim, demand, or cause of action (each, a "Claim") to the extent such Claim is based upon or arises out of (a) LIFFE's gross negligence or willful misconduct; (b) LIFFE's material breach of this Agreement or any part hereof; or (c) [\*\*]; provided that (i) the CBOT shall take no other action which the CBOT, in its reasonable judgment, believes would be contrary to LIFFE's interests relative to the Claim; (ii) LIFFE (or any Person acting on behalf of or authorized by LIFFE), at its own expense, shall be entitled to have sole conduct and control of all legal proceedings in connection with the Claim or the settlement or other compromise thereof; (iii) the CBOT shall give LIFFE (and any Person acting on behalf of or authorized by LIFFE) all reasonable assistance therewith, at LIFFE's reasonable expense; and (iv) the CBOT shall use good faith efforts to notify LIFFE as soon as possible, but in any event within five (5) Business Days, after the CBOT becomes aware of the Claim. Notwithstanding the foregoing, LIFFE shall have no obligation to defend, indemnify, or hold any CBOT Indemnitee harmless from or against any Losses incurred or suffered by such CBOT Indemnitee (x) as a result of the gross negligence or willful misconduct of the CBOT Indemnitee or any Sublicensee, or (y) to the extent any Losses are attributable to the fact that the use of the Licensed Technology by the CBOT, other CBOT Indemnitee, or any Sublicensee has not been in accordance with this Agreement.

17.2 By the CBOT. The CBOT shall defend, indemnify and hold LIFFE, its Affiliates, and the officers, directors, employees, agents, and representatives of LIFFE and its Affiliates ("LIFFE Indemnitees") harmless from and against all Losses incurred or suffered by such LIFFE Indemnitees arising out of, or in connection with, any third party Claim to the extent such Claim is based upon or arises out of: (a) the CBOT's material breach of this Agreement or any part hereof; (b) the gross negligence or willful misconduct of the CBOT, any of its Affiliates, or any Members or other Sublicensees; (c) the CBOT's Property or LIFFE's use thereof; (d) the CBOT's use of the Licensed Technology in contravention of this Agreement; (e) any breach by any Member, other Sublicensee, or Contractor (as that term is defined Schedule E) of any Interface Sublicense Agreement; or (f) any Claim that the License, the Licensed Technology provided hereunder, or the use thereof by or on behalf of the CBOT or Sublicensees, infringes or otherwise violates the Wagner/eSpeed Patent; provided that (i) LIFFE shall take no action which LIFFE, in its reasonable judgment, believes would be contrary to the CBOT's interests relative to the Claim; (ii) the CBOT (or any Person acting on behalf of or authorized by the CBOT), at its own expense, shall be entitled to have sole conduct and control of all legal proceedings

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in connection with the Claim or the settlement or other compromise thereof; (iii) LIFFE shall give the CBOT (and any Person acting on behalf of or authorized by the CBOT) all reasonable assistance in connection therewith at the CBOT's reasonable expense; and (iv) LIFFE shall use good faith efforts to notify the CBOT as soon as possible, but in any event within five (5) Business Days, after LIFFE becomes aware of the Claim. Notwithstanding the foregoing, CBOT shall have no obligation to defend, indemnify, or hold any LIFFE Indemnitee harmless from or against any Losses incurred or suffered by such LIFFE Indemnitee as a result of the gross negligence or willful misconduct of the LIFFE Indemnitee.

#### 18. Liability

18.1 Specific Limitations. LIFFE shall have no liability to the CBOT for any breach of this Agreement or any Losses (including, but not limited to, the CBOT's inability to use any part of the Licensed Technology and the interruption or corruption of any data or information stored, used, generated or transmitted on or via any Licensed Technology) under this Agreement arising from (a) any defect in the Licensed Technology of which LIFFE has not received notice of from the CBOT within five (5) Business Days following the first date upon which the CBOT discovered or otherwise became aware of such defect, (b) any Force Majeure Event, or (c) any Trading Applications or other Third Party Materials.

18.2 General Limitation. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY SHALL HAVE LIABILITY TO THE OTHER FOR ANY LOSS, DAMAGE OR INJURY, DIRECT OR INDIRECT, WHETHER OR NOT CAUSED BY THE NEGLIGENCE OF SUCH PARTY, ITS AFFILIATES, OR THE OFFICERS, EMPLOYEES, AGENTS OR REPRESENTATIVES OF SUCH PARTY OR OF ANY OF ITS AFFILIATES, EXCEPT THAT EACH PARTY SHALL ACCEPT LIABILITY FOR (a) MATERIAL BREACH OF THIS AGREEMENT, (b) THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH PARTY, ITS AFFILIATES OR THE OFFICERS, EMPLOYEES, AGENTS OR REPRESENTATIVES OF SUCH PARTY OR OF ANY OF ITS AFFILIATES, AND (c) FOR DEATH, PERSONAL INJURY AND DIRECT PHYSICAL DAMAGE TO THE TANGIBLE PROPERTY OF THE OTHER CAUSED BY SUCH PARTY, ITS AFFILIATES OR THE OFFICERS, EMPLOYEES, AGENTS OR REPRESENTATIVES OF SUCH PARTY OR OF ANY OF ITS AFFILIATES. EXCEPT WITH REGARD TO EITHER PARTY'S BREACH OF ITS CONFIDENTIALITY OBLIGATIONS UNDER SECTION 14 OR ITS WARRANTIES SET FORTH IN SECTION 16, NEITHER PARTY SHALL BE LIABLE TO THE OTHER HEREUNDER FOR ANY INDIRECT OR CONSEQUENTIAL LOSS, OR FOR LOSS OF PROFITS, GOODWILL OR CONTRACTS, WHETHER ARISING FROM NEGLIGENCE, BREACH OF CONTRACT OR OTHERWISE, AND WHETHER OR NOT EITHER PARTY SHALL HAVE BEEN ADVISED OF OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF SUCH DAMAGES.

18.3 Limitation of Liability. The cumulative liability of LIFFE under this Agreement, the Development Services Agreement and the Managed Services Agreement, during the respective terms of this Agreement, the Development Services Agreement and the Managed Services Agreement, however arising, will not exceed [\*\*] provided, however, that the limitations set forth in this Section 18.3 will not apply to (a) liability of LIFFE for death or personal injury; (b) fraudulent acts or omissions; or (c) violations of the confidentiality obligations of Section 14.

18.4 Claims Against Individuals. Where the liability of a Party (including, but not limited to, any liability with respect to the officers, employees, agents or representatives of a Party or any of its Affiliates) has been excluded or restricted hereunder, each Party agrees that it shall not bring any claim against any officers, employees, agents or representatives of the other Party or any of its Affiliates or join

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such officers, employees, agents or representatives in any claim such that the liability of such officers, employees, agents or representatives and such other Party, when taken together, would be greater than the liability of such other Party hereunder.

#### 19. Dispute Resolution

19.1 Escalation. As used herein, "Disputes" means any claims, disputes, controversies, and other matters in question between the Parties arising out of or relating to this Agreement or the breach hereof (excluding any third party claims against LIFFE or the CBOT subject to indemnification pursuant to Section 17, but including any disagreements as to indemnification rights hereunder). Any Dispute between the Parties shall in the first instance be referred to the Parties' Relationship Managers for discussion and resolution. If the Dispute is not resolved by the Relationship Managers within five (5) Business Days, the Dispute will be referred to the Managing Director of LIFFE Market Solutions and a representative of the CBOT at an equivalent level, who must discuss and, if appropriate, meet within five (5) Business Days to attempt to resolve the Dispute. If the Dispute is not resolved by such second representatives within five (5) Business Days, the Dispute will be referred to the Parties' Chief Executive Officers who must discuss and, if appropriate, meet within five (5) Business Days to attempt to resolve the Dispute. If any representative of either Party referred to in this Section 19.1 is not available for any reason, the affected Party shall be entitled to appoint an appropriate substitute.

19.2 Mediation. If the Parties cannot resolve any Dispute in accordance with Section 19.1 within thirty (30) Business Days, they may refer the Dispute to mediation, to be conducted by a single mediator in (i) Chicago, Illinois, if LIFFE has initiated the Dispute, or (ii) London, England, if the CBOT has initiated the Dispute. The Parties shall use good faith efforts to agree upon a mediator. If the Parties are unable to agree upon a mediator within thirty (30) Business Days, the Parties may seek judicial resolution and remedy of the Dispute without first proceeding with mediation. The Parties shall use good faith efforts to hold the mediation within thirty (30) Business Days following the selection of a mediator. Unless otherwise agreed by the Parties, no decision resulting from the mediation proceedings will be binding upon the Parties. Unless expressly provided herein, each Party will bear its own costs (including attorneys fees) relating to the mediation, but the Parties will share equally the fees and expenses charged by the mediator.

19.3 Arbitration. If a Dispute is not resolved in accordance with Section 19.2, then either Party may provide written notice to the other Party of an intention to refer the Dispute to arbitration. Any such arbitration shall be: (a) binding; (b) administered by the International Centre for Dispute Resolution ("ICDR") of the American Arbitration Association ("AAA"); (c) conducted in accordance with the International Arbitration Rules of the AAA (the "AAA Rules"), as such AAA Rules may be amended from time to time, except to the extent this Section 19.3 provides otherwise; (d) held in Chicago, Illinois, if the Dispute is initiated by LIFFE and in London, England if the Dispute is initiated by the CBOT; and (e) conducted using the English language. Upon filing a claim, the filing Party will simultaneously provide written notice of such claim to the other Party and to the relevant administrator at the ICDR.

19.3.1 Selection of Arbitrators. Within ten (10) Business Days of receipt of the ICDR initiation letter, each Party shall select one neutral individual to act as arbitrator. In addition, the Parties shall submit a written request to AAA to use its normal procedures pursuant to the AAA Rules to appoint the third arbitrator within five (5) Business Days of AAA's receipt of such request. The arbitrator appointed by AAA shall serve as the chairperson of the arbitration panel. The Parties agree that the selection of arbitrators must be completed within twenty-five (25) Business Days of receipt by both Parties of the ICDR initiation letter.

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- 19.3.2 Cooperation. The Parties shall cooperate with each other in causing the arbitration to be held in as efficient and expeditious a manner as practicable, and in this respect to furnish such documents and make available such personnel as the arbitrators may request.
- 19.3.3 Reduction of Losses. The Parties have selected arbitration to expedite the resolution of Disputes and to reduce the costs and burdens associated with litigation. The Parties agree that the arbitrators should take these concerns into account when determining whether to authorize discovery and, if discovery is authorized, the scope of permissible discovery and other hearing and pre-hearing procedures. The arbitrators shall render an award, including a written decision, within ninety (90) calendar days after the arbitration notice is provided, unless the Parties otherwise agree or the arbitrators make a finding that a Party has carried the burden of showing good cause for a longer time period.
- 19.3.4 Binding Decision. The decision or award of the arbitrators will be final and binding, and may be used as a basis for judgment thereon in any jurisdiction. The award shall be in writing, shall be signed by a majority of the arbitrators, and shall include a written decision setting out the reasons for the disposition of any claim.
- 19.3.5 Punitive Damages. Without limiting any other remedies that may be available under applicable law, the arbitrators shall have no authority to award punitive damages.
- 19.3.6 Confidentiality. All proceedings and decisions of the arbitrators shall be maintained in confidence to the extent legally permissible, and shall not be made public by any Party or any arbitrator without the prior written consent of the Parties, except as may be required by applicable laws.
- 19.3.7 Losses. Each Party shall bear its own costs and attorneys fees, and the Parties shall equally bear the fees, costs, and expenses of the arbitrators and the arbitration proceedings charged by the arbitrators ("Arbitration Fees"); provided, however, that (a) the filing Party shall pay any filing fees charged by the AAA; and (b) the arbitrators may exercise discretion to award costs, but not attorneys fees or Arbitration Fees, to the prevailing Party.
- 19.3.8 Obligations. The commencement and pendency of an arbitration under this Section 19.3 shall not relieve either of the Parties of their respective obligations under this Agreement.
- 19.3.9 Limitations. A demand for arbitration shall not be made after the date when institution of legal or equitable proceedings based upon such dispute would be barred by the applicable statute of limitations or laches under the laws of the State of Illinois, and the Parties expressly waive any causes of action relating to any Dispute not brought within the period set forth therein.

19.4 Limitations. Notwithstanding Sections 19.2 and 19.3, nothing herein restricts the rights of either Party to seek judicial resolution and remedy of (i) any Disputes, following compliance with

Section 19.2 and 19.3, or (ii) any claims, disputes, controversies, or other matters in question between the Parties arising out of either Party's breach of its obligations pursuant to Section 14 or Section 16.

20. Reasonable Efforts

Each Party agrees to use good faith efforts to negotiate the Development Services Agreement and the Managed Services Agreement. LIFFE shall deliver to the CBOT a draft (a) Development Services Agreement, by [\*\*] and (b) Management Services Agreement, by [\*\*]

21. Entire Agreement

This Agreement, together with any Development Services Agreement and Managed Services Agreement entered into by the Parties, constitutes the entire understanding between the Parties with respect to the subject matter hereof and supersedes all prior representations, agreements, negotiations and discussions between the Parties, excluding that Consultancy Agreement entered into by and between LIFFE and the CBOT, having an effective date of October 22, 2002, and entered into on December 6, 2002.

22. Schedules

Each of the schedules attached hereto is a part of and incorporated into this Agreement. Unless otherwise indicated therein, all capitalized terms contained within the Schedules will have the meanings ascribed to them in the main body of this Agreement.

23. Amendments

Except as expressly provided for herein, this Agreement may be amended only by an instrument in writing signed on behalf of a duly authorized representative of each Party.

24. Binding Provisions/Third Party Beneficiaries

This Agreement is binding upon, and shall inure to the benefit of, the Parties and their respective administrators, legal representatives, successors, and permitted assigns. The Parties agree that no provision of this Agreement is intended, expressly or by implication, to purport to confer a benefit or right of action upon a third party (whether or not in existence, and whether or not named, as of the Effective Date).

25. Assignment and Sublicensing

Except as otherwise expressly provided herein, the CBOT shall not assign, transfer or sublicense any right or obligation under this Agreement without the prior written approval of LIFFE; provided however, that the CBOT may assign its rights and obligations under this Agreement to CBOT Holdings, Inc. ("Holdings") or to a wholly owned exchange subsidiary of Holdings, as described in the Registration Statement on Form S-4 filed by Holdings with the Securities and Exchange Commission ("SEC") on October 24, 2001 (the "Registration Statement"), as amended by Amendment No. 4 to the Registration Statement filed with the SEC on December 30, 2002 ("Amendment No. 4"), or any subsequent amendment thereto, provided that the structure of the exchange subsidiary is in a form substantially the same as that described in Amendment No. 4. LIFFE may, in LIFFE's sole discretion, assign this Agreement and/or its rights and obligations under this Agreement to an Affiliate of LIFFE that is capable of performing the obligations of LIFFE under this Agreement.

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26. Force Majeure

If the performance of this Agreement by either Party is prevented, hindered, delayed or otherwise made impracticable by reason of any Force Majeure Event, that Party shall be excused from such performance to the extent that it is prevented, hindered or delayed by such cause. In the event a Party becomes aware of a Force Majeure Event that will affect its performance under this Agreement, it shall notify the other Party as soon as reasonably practicable. The Parties shall thereafter work together to take reasonable steps to mitigate the effects of any inability to perform, if practicable.

27. Separability of Provisions

Each provision of this Agreement shall be considered separable; and if, for any reason, any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, unlawful, or unenforceable, such determination shall not affect the enforceability of the remainder of this Agreement or the validity, lawfulness, or enforceability of such provision in any other jurisdiction.

28. Waiver

The failure of a Party to exercise or enforce any right conferred upon it by this Agreement shall not be deemed to be a waiver of any such right or operate so as to bar the exercise or enforcement thereof at any time or times hereafter.

29. Remedies Not Exclusive

No remedy conferred by any provision of this Agreement is intended to be exclusive of any other remedy, except as expressly provided in this Agreement, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise.

30. Notices

Except as otherwise expressly provided herein, all notices, certifications, requests, demands, payments and other communications hereunder: (a) shall be in writing; (b) may be delivered by certified or registered mail, postage prepaid; by hand; by facsimile; or by any internationally recognized private courier; (c) shall be effective (i) if mailed, on the date ten (10) days after the date of mailing or (ii) if hand delivered, faxed, or delivered by private courier, on the date of delivery; and (d) shall be addressed as follows:

If to the CBOT:

Board of Trade of the City of Chicago, Inc.  
141 West Jackson Boulevard  
Suite 600-A  
Chicago, Illinois 60604 U.S.A.  
Attention: Carol A. Burke

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If to LIFFE:

LIFFE Administration and Management  
Cannon Bridge House  
1 Cousin Lane  
London, EC4R 3XX (England)  
Attention: Company Secretary

or to such other address or addresses as may hereafter be specified by notice given by one Party to the other.

31. Announcements

Neither Party may refer to this Agreement in any publicity or advertising materials without the other Party's prior written consent.

32. Interpretation

32.1 Headings, Gender, "Including," "Control" and Person. References to sections and schedules are to sections of and schedules to this Agreement unless otherwise indicated. Section headings are inserted for convenience of reference only and shall not affect the construction of this Agreement. The masculine gender shall include the feminine and the singular number shall include the plural, and vice versa. Any use of the word "including" will be interpreted to mean "including, but not limited to," unless otherwise indicated. Any use of the terms "controlling," "controlled by" or "under common control with" shall have a meaning consistent with the definition of "Control" set forth in Section 1. References to any Person (including the Parties and any other entities referred to) shall be construed to mean such Person and its successors in interest and permitted assigns, as applicable.

32.2 Inconsistency. In the event of any inconsistency between the terms of the main body of this Agreement and any schedule hereto, the terms of the main body of this Agreement will govern to the extent of the inconsistency.

33. Further Assurances

The Parties shall execute all such further documents and do all such further acts as may be necessary to carry the provisions of this Agreement into full force and effect.

34. Governing Law

The validity and effectiveness of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Illinois, without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws. Subject to Section 19, any legal action or proceeding with respect to this Agreement may be brought exclusively in the Federal or state courts located in Chicago, Illinois, including the United States District Court for the Northern District of Illinois. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement and is hereby disclaimed.

35. Counterparts

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CONFIDENTIAL TREATMENT REQUESTED BY  
CBOT HOLDINGS, INC.

This Agreement may be executed in two counterparts, each of which when so executed and delivered shall be deemed an original, and both of which together shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.  
Signature page follows]

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CONFIDENTIAL TREATMENT REQUESTED BY  
CBOT HOLDINGS, INC.

IN WITNESS WHEREOF, the Parties have executed this Software License Agreement as of the Effective Date.

LIFFE ADMINISTRATION AND MANAGEMENT, a  
company incorporated in England and Wales

By: /s/ Mark S. Hemsley  
-----  
Name: Mark S. Hemsley  
-----  
Its: Director  
-----

BOARD OF TRADE OF THE CITY OF CHICAGO, INC.,  
a Delaware corporation

By: /s/ Bernard W. Dan  
-----  
Name: Bernard W. Dan  
-----  
Its: President and Chief Executive Officer  
-----

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CONFIDENTIAL TREATMENT REQUESTED BY  
CBOT HOLDINGS, INC.

SCHEDULES

- Schedule A - Software and Documentation
- Schedule B - Software, Locations and Operating Systems
- Schedule C - Products Outside CBOT Field of Use
- Schedule D - Products Within CBOT Exclusive Field of Use
- Schedule E - Interface Sublicense Agreement
- Schedule F - Security Policy
- Schedule G - Third Party Software
- Schedule H - Escrow Agreement
- Schedule I - Fees

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CONFIDENTIAL TREATMENT REQUESTED BY  
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SCHEDULE A

SOFTWARE AND DOCUMENTATION  
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Part 1 - Software

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Part 2 - Documentation  
-----

(a) Unrestricted Documentation

1. LIFFE CONNECT(TM) Application Program Interface and Changes
2. The Application Program Interface Reference Manual
3. LIFFE CONNECT(TM) Release Specific Information - The Application Program Interface Reference Manual
4. LIFFE CONNECT(TM) Application Program Interface Installation notes
5. How the Market Works
6. TRS User Guide

(b) Restricted Documentation  
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	Title	Number of Authorized Copies
1.	[**]	[**]
2.	[**]	[**]
3.	[**]	[**]
4.	[**]	[**]
5.	[**]	[**]
6.	[**]	[**]
7.	[**]	[**]
8.	[**]	[**]
9.	[**]	[**]
10.	[**]	[**]
11.	[**]	[**]
12.	[**]	[**]

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CONFIDENTIAL TREATMENT REQUESTED BY  
CBOT HOLDINGS, INC.

Software	Location	Operating System (or such operating systems as may be approved by LIFFE from time to time)
[**]	[**]	[**]

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SCHEDULE C

PRODUCTS OUTSIDE CBOT FIELD OF USE  
-----

-----	-----	-----
Index Futures	Short Term Interest Rate Futures	Commodity Futures
[**]	[**]	[**]
-----	-----	-----
	Short Term Interest Rate Options	
	[**]	
-----	-----	-----
Index Options	Medium and Long Term Interest Rate Futures	Commodity Options
[**]	[**]	[**]
-----	-----	-----
	Medium and Long Term Interest Rate Options	Other Products
	[**]	Futures
		[**]
		Options
		[**]
-----	-----	-----

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SCHEDULE D

PRODUCTS WITHIN CBOT EXCLUSIVE FIELD OF USE  
-----

-----  
Agricultural Futures      Treasury Futures      Treasury Options      Index Futures

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[\*\*]                      [\*\*]                      [\*\*]                      [\*\*]

-----  
Agricultural Options      Federal Funds Futures      Other Financial Options      Index Options

-----  
[\*\*]                      [\*\*]                      [\*\*]                      [\*\*]

-----  
                    Other Financial Futures      Metal Options

-----  
                    [\*\*]                      [\*\*]

-----  
                                    Metal Futures

-----  
                                    [\*\*]  
-----

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SCHEDULE E

INTERFACE SUBLICICENSE AGREEMENT  
-----

This Interface Sublicense Agreement (this "Agreement") dated as of \_\_\_\_\_, 200\_\_ (the "Effective Date"), is among Board of Trade of the City of Chicago, Inc., a Delaware corporation (the "CBOT"), and \_\_\_\_\_, a(n) \_\_\_\_\_ [form of entity] ("Licensee"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in Section 1.

RECITALS

A. The CBOT offers an automated derivatives trading and order matching system known as "LIFFE CONNECT(TM)" (the "Trading System") to facilitate the trading of certain futures and options contracts on the electronic contract market operated by the CBOT (the "Exchange").

B. In order to gain access to and participate in the Exchange via the Trading System, Licensee wishes, and the CBOT is willing to license to Licensee the right, to access the Interface component of the Trading System set forth in Exhibit A which the CBOT may provide with the software (the "Software"), and to use any documentation relating to the Software the CBOT may provide (the "Interface Documentation" and together with the Software, the "Licensed Products").

In consideration of the recitals and the mutual covenants and agreements hereinafter set forth, the parties hereto (each a "Party" and collectively the "Parties") agree as follows:

AGREEMENT

1. Definitions

In this Agreement, the following expressions shall have the following respective meanings:

"Agreement" shall have the meaning set forth above.

"Application" means a front-end application or other software which interfaces with, and has been conformed with, the Interface.

"CBOT Matching Engine" means the central processing component of the Trading System.

"CBOT Property" shall have the meaning set forth in Section 11.1.

"Confidential Information" shall have the meaning set forth in Section 12.1.

"Contractor" means a Person contracted by Licensee to assist Licensee in developing Applications.

"Data" means externally disseminated Exchange-related pricing and trade volume information.

"Effective Date" shall have the meaning set forth above.

"Exchange" shall have the meaning set forth above.

"Exchange Notice" means a notice published by the Exchange by such means as the Exchange may from time to time determine.

"Force Majeure Event" means any cause beyond a Party's reasonable control, including, but not limited to, any flood, riot, fire, judicial or governmental action, and labor disputes.

"Interface" means the LIFFE CONNECT(TM) application interface described in Exhibit A for the use and/or access to the CBOT Matching Engine by an Application.

"Interface Documentation" shall have the meaning set forth above.

"Licensed Products" shall have the meaning set forth above.

"Licensee's Property" shall have the meaning set forth in Section 11.2.

"LIFFE" means LIFFE Administration and Management, a company incorporated in England and Wales, having a principal place of business at Cannon Bridge House, 1 Cousin Lane, London EC4R 3XX, England.

"Malicious Code" means any computer virus, Trojan horse, worm, time bomb, or other similar code or hardware component designed to disrupt the operation of, permit unauthorized access to, erase, or modify the Licensed Products.

"Member" means any Person authorized by the CBOT to trade on the Exchange.

"Parties" shall have the meaning set forth above.

"Person" means an individual, partnership, corporation, limited liability company, trust, joint venture, joint stock company, association, unincorporated organization, government agency or political subdivision thereof, or other entity.

"Premises" means the premises specified in Exhibit A.

"Responsible Person" means, with respect to the Trading System, an individual who is (i) designated as such by Licensee, if Licensee is a Member, pursuant to the Rules, and (ii) registered with the Exchange.

"Rules" means the rules of the Exchange and each procedure and Exchange Notice as in effect from time to time and, (i) with respect to the trading of futures contracts, the regulations of the United States Commodity Futures Trading Commission (the "CFTC"); (ii) with respect to the trading of securities futures, the rules and regulations of the Securities and Exchange Commission (the "SEC") and the CFTC; and (iii) with respect to the trading of securities other than securities futures, the rules and regulations of the SEC.

"Software" shall have the meaning set forth above.

"Third Party Materials" means any equipment, hardware, software, or other products obtained from any third party.

"Trading System" shall have the meaning set forth above.

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"User Guides" means the documentation which may be provided relating to the use of the Trading System.

## 2. License

2.1 License. Subject to the terms and conditions hereof, the CBOT hereby grants to Licensee a non-transferable, non-exclusive and royalty-free license (a) to, and to sublicense to one or more Contractors the right to, have reasonable access to the Interface and use the Software and the Interface Documentation to procure and/or develop Applications; (b) to install the Software at the Premises; and (c) to use the Software to access Data. If Licensee is a Member, the CBOT additionally grants to Licensee a non-transferable and non-exclusive license to use the Interface to access the CBOT Matching Engine and, if possible, other components of the Trading System. Licensee may not make any other use of the Licensed Products.

2.2 Contractors. Licensee shall ensure that each Contractor to which Licensee sublicenses its rights (a) shall make no use of the Licensed Products other than that set forth in Section 2.1(a), and (b) otherwise abides by the terms of this Agreement as if Contractor were a party to this Agreement. Licensee is responsible for all actions of each Contractor with respect to the Licensed Products.

## 3. Delivery of Licensed Products

3.1 Software. By such date(s) as may be agreed upon by the Parties and via a delivery method agreed upon by the Parties, the CBOT shall deliver to the Premises a master copy of the current version of the Software, in object code form. Licensee may copy the Software only with the prior written consent of the CBOT. All copies of the Software are subject to the terms and conditions of this Agreement.

3.2 Interface Documentation. Upon Licensee's request, by such date(s) as may be agreed upon by the Parties, and via a delivery method and in a format agreed upon by the Parties, the CBOT will provide the Interface Documentation to Licensee. Licensee may make as many copies of the Interface Documentation as it deems reasonably necessary. All copies of the Interface Documentation are subject to the terms and conditions of this Agreement.

## 4. Modifications and Improvements

CBOT reserves the right during the term of this Agreement to specify for use and/or access hereunder any improvements, modifications, enhancements or upgrades to and of the Licensed Products or any part or parts thereof. Unless otherwise specified by the CBOT, Licensee shall use only the current release version(s) of the Software provided hereunder.

## 5. Obligations of Licensee

### 5.1 Use of Software.

5.1.1 General Restrictions. With respect to the Software, Licensee agrees not to, and not to permit any Contractor or any other Person to:

- (a) copy, modify, duplicate, decompile, reverse engineer, disassemble or otherwise reduce to a humanly perceivable form, make any attempt to discover the source code of, create derivative works based on, market,

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sell, provide or make available to any third party, otherwise distribute, or translate the Software, except as expressly provided herein;

- (b) remove or alter in any manner any trademarks, trade names, copyright notices or other proprietary or confidentiality notices of the CBOT or third Persons contained or displayed in or on the Software; or
- (c) upload any Malicious Code or otherwise use the Software to further any purpose which is illegal or is otherwise contrary to the License.

5.1.2 Copies. In the event that Licensee is granted permission pursuant to Section 3.1 to copy the Software, Licensee shall:

- (a) ensure that all trademarks, trade names, copyright notices and other proprietary and confidentiality notices or designations, of the CBOT or any other Person, contained or displayed in or on the Software, are reproduced on all Software copies created by Licensee; and
- (b) maintain a current and accurate record of the number of copies made and of the specific location of each such copy.

5.2 Use of Interface Documentation. Licensee shall ensure that all trademarks, trade names, copyright notices and other proprietary and confidentiality notices or designations, of the CBOT, or any other Person, are reproduced on all Interface Documentation copies made by Licensee. Licensee agrees not to, and not to permit any Contractor or any other Person to: (a) copy, modify, translate, create derivative works based on, market, sell, or distribute the Interface Documentation, except as expressly provided herein; or (b) remove or alter in any manner any trademarks, trade names, copyright notices or other proprietary or confidentiality notices or designations contained or displayed therein.

5.3 Materials and Assistance. In order to facilitate the CBOT's performance of its obligations hereunder, Licensee shall promptly provide to the CBOT any information, documentation, access to the Premises, equipment, software, and personnel as the CBOT may reasonably request.

5.4 Export Compliance. Licensee shall comply with all applicable export laws and regulations of the United States and foreign authorities, including regulatory authorities. For purposes of this obligation, export laws and regulations include, but are not limited to, all applicable end use controls and all applicable restrictions on the export, reexport and transfer of encryption items.

## 6. Market Entry Testing

6.1 Testing Process. Prior to being permitted to participate in the Exchange via any Application, Licensee must complete the CBOT's Market Entry Testing process, which process is designed to safeguard the integrity of the Exchange by verifying that (a) Licensee demonstrates an appropriate level of technical and operational readiness to participate in the Trading System; and (b) each Application conforms to a series of criteria to ensure it will not cause degradation of the Trading System and is fit for the purpose of participating in the Exchange. Upon request by Licensee, the CBOT shall provide Licensee a test environment loaded with a dummy market and a pre-defined script known as a "Market Entry Test" or "MET," and Licensee shall undertake the testing process. If the CBOT deems, in its sole discretion, that Licensee and the particular Application being tested have met all of the relevant Market Entry Testing requirements, the CBOT will issue to Licensee, if required by the operation of the

Interface, an appropriate encrypted license key (which key will be a view only key unless Licensee is a Member) which will permit the Licensee to participate in the Exchange utilizing the Application tested. If the CBOT determines, in its sole discretion, that Licensee has not met all of the Market Entry Testing requirements, the CBOT will so notify Licensee, which will then be provided a subsequent opportunity to undertake Market Entry Testing during the time period specified by the CBOT.

6.2 Modified Applications. In the event any Application which has passed the Market Entry Testing process is modified, Licensee must (a) notify the CBOT, and (b) undertake Market Entry Testing of the modified Application.

#### 7. Payment

7.1 Expenses. Licensee shall promptly reimburse the CBOT for any expenses incurred hereunder in association with the performance of the CBOT's obligations hereunder, including, but not limited to, all travel and travel-related expenses.

7.2 Late Payment. All past due amounts owed to the CBOT will earn interest at the rate of the lesser of one and one half percent (1.5%) per month or the maximum amount allowed under applicable law, commencing on the applicable due date. Licensee will reimburse the CBOT for all reasonable costs (including reasonable attorneys fees) incurred in collecting past due amounts owed by Licensee.

7.3 Taxes. Licensee shall pay or reimburse the CBOT for all taxes, however designated, and whether international, national, state or local, which are levied or imposed in connection with or as a result of this Agreement, excluding, however, taxes based on the CBOT's net income.

#### 8. Term

This Agreement shall commence on the Effective Date and shall continue until and unless terminated in accordance with Section 9 or as otherwise provided in this Agreement.

#### 9. Termination

9.1 By the CBOT. The CBOT may terminate this Agreement for any reason, immediately upon written notice to Licensee.

9.2 By Licensee. Licensee may terminate this Agreement for any reason, upon one day's written notice to the CBOT.

9.3 Automatic Termination. This Agreement will terminate automatically upon (a) the death of Licensee, if Licensee is an individual; or (b) the dissolution of Licensee, if Licensee is other than an individual.

#### 10. Consequences of Termination

10.1 Software. Upon termination of this Agreement, for whatever reason, Licensee shall immediately cease access to and use of the Licensed Products and, at Licensee's cost, shall return to the CBOT or its designee the Licensed Products and other CBOT Property (as defined in Section 11.1) in the possession or control of Licensee or any Contractor, including, but not limited to, any Confidential Information (as defined in Section 12.1) of the CBOT. Licensee shall be responsible for any damage to

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or deterioration of the Licensed Products arising out of a breach by Licensee of this Agreement or any negligence or willful misconduct of Licensee, any Contractors, or the employees, officers or agents of Licensee or such Contractors.

10.2 Payment. Upon any termination of this Agreement, Licensee shall pay to the CBOT any and all unpaid and outstanding amounts due hereunder through the effective date of termination.

10.3 Survival. The termination of this Agreement for any reason will not affect the accrued rights of the Parties or the right of either Party to sue for damages arising from a breach of this Agreement. Sections 1, 7, 10, 11, 12, 13, 14, 15, 16 (solely for the purpose of the repossession of the Licensed Products upon termination), 19, 21, 23, 24, 25, 26, 27, 28 and 30 will survive the termination of this Agreement.

## 11. Proprietary Rights

11.1 CBOT Property. As between Licensee and the CBOT, all rights, title, and interest in and to the Licensed Products and all parts thereof; all other materials and documentation whatsoever relating to the Licensed Products and/or provided by the CBOT to Licensee; all Confidential Information (as defined below) of the CBOT; Market Data; and all enhancements and upgrades to and modifications of the Licensed Products; including all copyrights, trademarks, and other intellectual property inherent in the foregoing or appurtenant thereto (collectively, "CBOT Property") shall be and remain vested in the CBOT (or its licensors, as applicable). To the extent, if any, that ownership of CBOT Property does not automatically vest in the CBOT (or its licensors, as appropriate) by virtue of this Agreement or otherwise, Licensee hereby agrees to transfer and assign to the CBOT (or its licensors, as appropriate), all rights, title, and interest which Licensee may have in and to such CBOT Property. Licensee acknowledges that the CBOT shall have the right to provide to third Persons technology which is the same or similar to the Licensed Products. Licensee agrees, at its own cost, to do or cease to do all acts as the CBOT may direct, and to execute, or cause its employees, officers, agents or Contractors to execute, all such documents as the CBOT deems reasonably necessary or helpful to assure further the right, title, and interest of the CBOT (or its licensors) in and to such CBOT Property.

11.2 Licensee's Property. As between Licensee and the CBOT, all rights, title, and interest in and to each Application and any additional property (other than the Licensed Products or other CBOT Property) used by Licensee hereunder and provided by Licensee (collectively, "Licensee's Property") shall be and remain vested in Licensee.

## 12. Confidentiality

12.1 Confidential Information. Subject to Section 12.2, each Party shall treat as confidential all private, proprietary or confidential information (including, but not limited to, that information and those materials Licensee has obtained rights to use hereunder) which the CBOT and Licensee may receive or have access to during or prior to the performance of this Agreement ("Confidential Information"), and shall not divulge such Confidential Information: (a) to any Person other than to the employees, subcontractors, licensors, consultants or advisors of such Party to whom such disclosure is necessary to facilitate the performance of this Agreement, without the other Party's prior written consent; or (b) unless requested pursuant to a judicial or governmental request, requirement, or order under law, in which case, if not so prohibited by a regulatory or other governmental authority or an order of a court of competent jurisdiction, the receiving Party shall make the required disclosure and promptly notify the other Party of such request and related disclosure.

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12.2 Exclusions. Notwithstanding Section 12.1, Confidential Information will not include information (a) which is independently developed by the receiving Party or is lawfully received free of restriction from another source having the right to furnish such information; (b) which has become generally available to the public by acts not attributable to the receiving Party or its employees, agents or contractors; or (c) which, at the time of disclosure to the receiving Party, was known to the receiving Party free of restriction and evidenced by documentation in the receiving Party's possession. In addition, the CBOT shall be entitled to disclose Confidential Information of Licensee to the Exchange, employees of the Exchange, consultants and advisors of the Exchange and any other Person as may be necessary to facilitate the operation of the Exchange or comply with any contractual obligations of the CBOT relating to the operation of the Exchange.

#### 13. Indemnification

Licensee shall defend, indemnify and hold the CBOT harmless, against all costs, claims, demands, expenses and liabilities of any nature whatsoever (including reasonable attorneys fees) incurred or suffered by the CBOT arising out of, or in connection with, any claim, demand, or cause of action which is based upon or arises out of: (a) the breach of this Agreement or any part hereof; (b) use of the Licensed Products by Licensee or any Contractor in violation of this Agreement; (c) the gross negligence or willful misconduct of Licensee or any Contractor; (d) Licensee's Property or the CBOT's use thereof; (e) Licensee's or Licensee's customers' use of any Application; or (e) any damages to Licensed Products in the possession or control of Licensee or any Contractor.

#### 14. Disclaimer of Warranties

LICENSEE ACKNOWLEDGES THAT THE CBOT PROVIDES THE LICENSED PRODUCTS AND ACCESS TO THE INTERFACE "AS IS." EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, THE CBOT MAKES NO, AND HEREBY DISCLAIMS ALL, WARRANTIES, CONDITIONS, UNDERTAKINGS, TERMS OR REPRESENTATIONS, EXPRESSED OR IMPLIED BY STATUTE, COMMON LAW OR OTHERWISE, IN RELATION TO THE LICENSED PRODUCTS OR ANY PART OR PARTS OF THE SAME. THE CBOT SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. THE CBOT FURTHER DISCLAIMS ALL WARRANTIES, IMPLIED OR OTHERWISE, RELATING TO ANY THIRD PARTY MATERIALS.

#### 15. Liability

15.1 General Limitation. NEITHER THE CBOT NOR ANY OFFICERS, EMPLOYEES, AGENTS, SUBCONTRACTORS OR LICENSORS OF THE CBOT SHALL HAVE ANY LIABILITY TO LICENSEE, OR ANY OTHER PERSON, FOR ANY LOSS, DAMAGE OR INJURY, DIRECT OR INDIRECT (INCLUDING, BUT NOT LIMITED TO, CONSEQUENTIAL DAMAGES AND LOSS OF PROFITS, GOODWILL OR CONTRACTS), WHETHER ARISING FROM THE NEGLIGENCE OR BREACH OF CONTRACT OF THE CBOT, ITS OFFICERS, EMPLOYEES, AGENTS OR REPRESENTATIVES OR OTHERWISE, AND WHETHER OR NOT EITHER PARTY (OR ANY DESIGNEE) SHALL HAVE BEEN ADVISED OF OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF SUCH DAMAGES, EXCEPT THAT THE CBOT SHALL ACCEPT LIABILITY FOR THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE CBOT OR ITS OFFICERS, EMPLOYEES, AGENTS, SUBCONTRACTORS OR LICENSORS.

15.2 Aggregate Liability. In the event of (a) liability for direct physical damage to the tangible property of Licensee or (b) that the limitation under Section 15.1 is found by a court of competent

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jurisdiction to be invalid, unlawful, or unenforceable, the entire aggregate liability of the CBOT under or in connection with this Agreement will not exceed \$500.

16. Inspection and Disablement of the Licensed Products

The CBOT shall be entitled, and Licensee shall permit the CBOT, to have access to the Premises and the Licensed Products on the Premises during normal business hours to inspect, disable or repossess such Licensed Products or any part or parts thereof and/or to take such other action in connection with the Licensed Products as may be deemed desirable or necessary by the CBOT:

- (a) to determine whether Licensee is complying or has complied with its obligations under this Agreement;
- (b) to facilitate efforts to remedy any defect or error in the Licensed Products or any part or parts thereof; or
- (c) in the event Licensee commits a material breach of its obligations under this Agreement.

Notwithstanding the foregoing, (i) the CBOT shall be entitled to prohibit Licensee's access to the Licensed Products, to disable the Licensed Products, or to remove the Licensed Products from the Premises at any time and from time to time, provided that the CBOT shall, where practicable, use commercially reasonable efforts to give prior written notice to Licensee; and (ii) unless any such repossession or disablement is occasioned by Licensee's breach of its obligations hereunder, the CBOT shall use good faith efforts to (x) return or reinstate the Licensed Products or the relevant part or parts thereof (as the case may be), or (y) as soon as reasonably practicable provide Licensee with replacement products that will function in all material respects with the repossessed or disabled Licensed Products (which will thereafter be "Licensed Products" hereunder).

17. Assignment and Sublicensing

Except as expressly provided herein, Licensee shall not assign (by operation of law or otherwise), sublicense, transfer, charge or part with the possession of the benefits and obligations of, this Agreement (including, but not limited to, the license granted under Section 2) without the prior written consent of the CBOT. The CBOT may assign its rights and obligations hereunder without Licensee's prior consent.

18. Subcontractors

The CBOT shall be entitled to appoint such subcontractors as it shall deem fit to carry out the whole or any part of its obligations hereunder.

19. Third Party Beneficiary

LIFFE shall be a third party beneficiary of this Agreement, thereby entitled to receive the rights of the CBOT (excluding those set forth in Sections 7 and 9), and enforce the provisions of this Agreement against Licensee, or any other Person, to the same extent as if LIFFE had been a signatory to this Agreement, in the courts and under the laws of the State of Illinois, without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws. Notwithstanding the foregoing, nothing in this Agreement will impose directly upon LIFFE any of the obligations of the CBOT set forth herein.

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20. Force Majeure

Except for the payment of any amounts due hereunder, if the performance of this Agreement by either Party is prevented, hindered, delayed or otherwise made impracticable by reason of any Force Majeure Event, that Party shall be excused from such performance to the extent that it is prevented, hindered or delayed by such cause.

21. Entire Agreement

This Agreement constitutes the entire understanding between the Parties with respect to the subject matter hereof and supersedes all prior representations, agreements, negotiations and discussions between the Parties.

22. Amendments

Except as expressly provided for herein, this Agreement may be amended only by an instrument in writing signed on behalf of each of the Parties and in compliance with law.

23. Waiver

The failure of a Party to exercise or enforce any right conferred upon it by this Agreement shall not be deemed to be a waiver of any such right or operate so as to bar the exercise or enforcement thereof at any time or times hereafter.

24. Notices

Except as otherwise expressly provided herein, all notices, certifications, requests, demands, payments and other communications hereunder: (a) shall be in writing; (b) may be delivered by certified or registered mail, postage prepaid; by hand; by facsimile; or by any internationally recognized private courier; (c) shall be effective (i) if mailed, on the date three (3) days after the date of mailing or (ii) if hand delivered, faxed, or delivered by private courier, on the date of delivery; and (d) shall be addressed as follows:

If to Licensee:

-----  
[address]

Attention: -----

If to the CBOT:

Board of Trade of the City of Chicago, Inc.  
141 West Jackson Boulevard  
Suite 600-A  
Chicago, Illinois 60604  
[Attention: ----- ]

or to such other address or addresses as may hereafter be specified by notice given by one Party to the other.

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25. Remedies Not Exclusive

No remedy conferred by any provision of this Agreement is intended to be exclusive of any other remedy (including, but not limited to, any remedy or rights under the Rules), except as expressly provided in this Agreement, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise.

26. Binding Provisions

This Agreement is binding upon, and shall inure to the benefit of, the Parties and their respective administrators, legal representatives, successors, and permitted assigns.

27. Separability of Provisions

Each provision of this Agreement shall be considered separable; and if, for any reason, any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, unlawful, or unenforceable, such determination shall not affect the enforceability of the remainder of this Agreement or the validity, lawfulness, or enforceability of such provision in any other jurisdiction.

28. Interpretations

References to sections and exhibits are to sections of and exhibits to this Agreement. The headings are inserted for convenience of reference only and shall not affect the construction of this Agreement. The masculine gender shall include the feminine and the singular shall include the plural, and vice versa.

29. Further Assurances

The Parties shall execute all such further documents and do all such further acts as may be necessary to carry the provisions of this Agreement into full force and effect.

30. Governing Law

The validity and effectiveness of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Illinois, without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws.

31. Counterparts

This Agreement may be executed in any number of counterparts, and by the different Parties on separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute but one and the same instrument. A complete set of counterparts shall be lodged with each Party.

[Remainder of page intentionally left blank.  
Signature page follows.]

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CONFIDENTIAL TREATMENT REQUESTED BY  
CBOT HOLDINGS, INC.

IN WITNESS WHEREOF, the Parties have executed this Interface Sublicense Agreement as of the Effective Date.

LICENSEE

a(n) \_\_\_\_\_ [Form of Entity]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

BOARD OF TRADE OF THE CITY OF CHICAGO, INC.,  
a Delaware corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

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EXHIBIT A

1. Premises

2. Interface Software

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CONFIDENTIAL TREATMENT REQUESTED BY  
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SCHEDULE F

SECURITY POLICY  
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1. [\*\*]
2. [\*\*]
3. [\*\*]
  - 3.1 [\*\*]
  - 3.2 [\*\*]
  - 3.3 [\*\*]
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9.1 [\*\*]

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10. [\*\*]

10.1. [\*\*]

10.2. [\*\*]

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SCHEDULE G  
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THIRD PARTY SOFTWARE  
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1. [\*\*]

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10. [\*\*]

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SCHEDULE H

PREFERRED ESCROW AGREEMENT  
-----

Account Number \_\_\_\_\_

This Preferred Escrow Agreement (this "Agreement") dated as of \_\_\_\_\_, 2003, is among Data Securities International, Inc. ("DSI"), LIFFE Administration and Management, a company incorporated in England and Wales ("Depositor"), and Board of Trade of the City of Chicago, Inc., a Delaware corporation ("Preferred Beneficiary"), who collectively may be referred to in this Agreement as "the parties" and who are more fully identified in Exhibit A.

RECITALS

A. Depositor and Preferred Beneficiary have entered into that certain Software License Agreement dated as of January 10, 2003, regarding certain proprietary technology of Depositor (the "License Agreement").

B. Depositor desires to avoid disclosure of its proprietary technology except under certain limited circumstances.

C. The proprietary technology of Depositor is used by Preferred Beneficiary in the conduct of its business and, therefore, Preferred Beneficiary needs access to the proprietary technology under certain limited circumstances.

D. Depositor and Preferred Beneficiary desire to establish an escrow with DSI to provide for the retention, administration and controlled access of the proprietary technology materials of Depositor.

E. The parties desire this Agreement to be supplementary to the License Agreement pursuant to 11 United States Bankruptcy Code, Section 365(n).

AGREEMENT

1. Deposits

1.1 Obligation to Make Deposit. Within six (6) months of the signing of this Agreement by the parties, Depositor shall deliver to DSI the proprietary information and other materials required to be deposited by the License Agreement (the "Deposit Materials"), including, but not limited to, the source code and relevant documentation relating to the then current versions of the software components of the Licensed Technology (as such term is defined in the License Agreement).

1.2 Identification of Tangible Media. Prior to the delivery of the Deposit Materials to DSI, Depositor shall conspicuously label for identification each document, magnetic tape, disk, or other tangible media upon which the Deposit Materials are written or stored. Additionally, Depositor shall complete Exhibit B to this Agreement by listing each such tangible media by the item label description, the type of media and the quantity. Exhibit B shall be signed by Depositor and delivered to DSI with the Deposit Materials. Unless and until Depositor makes the initial deposit with DSI, DSI shall have no obligation with respect to this Agreement, except the obligation to notify the parties regarding the status of the deposit account as required in Section 2.2 below.

1.3 Deposit Inspection. When DSI receives the Deposit Materials and Exhibit B, DSI will conduct a deposit inspection by visually matching the labeling of the tangible media containing the Deposit Materials to the item descriptions and quantity listed on Exhibit B.

1.4 Acceptance of Deposit. At completion of the deposit inspection, if DSI determines that the labeling of the tangible media matches the item descriptions and quantity on Exhibit B, DSI will date and sign Exhibit B and mail a copy thereof to Depositor and Preferred Beneficiary. If DSI determines that the labeling does not match the item descriptions or quantity on Exhibit B, DSI will (a) note the discrepancies in writing on Exhibit B; (b) date and sign Exhibit B with the exceptions noted; and (c) provide a copy of Exhibit B to Depositor and Preferred Beneficiary. DSI's acceptance of the deposit occurs upon the signing of Exhibit B by DSI. Delivery of the signed Exhibit B to Preferred Beneficiary is Preferred Beneficiary's notice that the Deposit Materials have been received and accepted by DSI.

1.5 Depositor's Representations. Depositor represents as follows:

- (a) With respect to all of the Deposit Materials, Depositor has the requisite corporate power and authority to grant to DSI and Preferred Beneficiary the rights as provided in this Agreement;
- (b) The Deposit Materials as of the date hereof are not subject to any lien or other encumbrance; and
- (c) The Deposit Materials are readable and useable in their current form or, if the Deposit Materials are encrypted, the decryption tools and decryption keys have also been deposited.

1.6 Verification. Preferred Beneficiary shall have the right, at Preferred Beneficiary's expense, to cause a verification of any Deposit Materials. A verification determines, in different levels of detail, the accuracy, completeness, sufficiency and quality of the Deposit Materials. If a verification is elected after the Deposit Materials have been delivered to DSI, then only DSI, or at DSI's election an independent person or company selected and supervised by DSI, may perform the verification, provided that such verification does not disclose Depositor's source code or intellectual property rights.

1.7 Deposit Updates. Unless otherwise provided by the License Agreement, Depositor shall update the Deposit Materials quarterly. Such updates will be added to the existing deposit. All deposit updates shall be listed on a new Exhibit B and the new Exhibit B shall be signed by Depositor. The processing of all deposit updates shall be in accordance with Sections 1.2 through 1.6 above. Each Exhibit B will be held and maintained separately within the escrow account. An independent record will be created which will document the activity for each Exhibit B. All references in this Agreement to the Deposit Materials shall include the initial Deposit Materials and any updates. For the avoidance of doubt, Depositor shall not have an obligation to update the Deposit Materials in the event that the Deposit Materials have not been modified or enhanced since the most recent prior deposit update.

1.8 Removal of Deposit Materials. The Deposit Materials may be removed and/or exchanged only on written instructions signed by Depositor, or as otherwise provided in this Agreement. DSI shall notify Preferred Beneficiary upon the removal of any Deposit Materials.

## 2. Confidentiality and Record Keeping

2.1 Confidentiality. DSI shall maintain the Deposit Materials in a secure, environmentally safe, locked facility which is accessible only to authorized representatives of DSI. DSI shall have the obligation to reasonably protect the confidentiality of the Deposit Materials. Except as provided in this Agreement, DSI shall not disclose, transfer, make available, or use the Deposit Materials. DSI shall not disclose the content of this Agreement to any third party. If DSI receives a subpoena or other order of a court or other judicial tribunal pertaining to the disclosure or release of the Deposit Materials, DSI will immediately notify the parties to this Agreement. It shall be the responsibility of Depositor and/or Preferred Beneficiary to challenge any such order; provided, however, that DSI does not waive its rights to present its position with respect to any such order. DSI will not be required to disobey any court or other judicial tribunal order. (See Section 7.4 below for notices of requested orders.)

2.2 Status Reports. DSI will issue to Depositor and Preferred Beneficiary a report profiling the account history at least semi-annually. DSI may provide copies of the account history report upon the request of Depositor or Preferred Beneficiary.

2.3 Audit Rights. During the term of this Agreement, Depositor and Preferred Beneficiary shall each have the right to inspect the written records of DSI pertaining to this Agreement. Any inspection shall be held during normal business hours and following three (3) days prior notice.

## 3. Grant of Rights to DSI

3.1 Title to Media. Depositor hereby transfers to DSI the title to the media upon which any Deposit Materials are written or stored. However, this transfer does not include the ownership of any Deposit Materials contained on the media, including, but not limited to, United States and foreign copyrights, copyright registrations, copyright registration applications, patents and patent applications.

3.2 Right to Make Copies. DSI shall have the right to make copies of the Deposit Materials as reasonably necessary to fulfill its obligations under this Agreement. DSI shall include all copyright, nondisclosure, and other proprietary notices and titles contained on the Deposit Materials on any copies made by DSI. With all Deposit Materials submitted to DSI, Depositor shall provide any and all instructions as may be necessary to duplicate the Deposit Materials, including, but not limited to, a description of the hardware and/or software needed.

3.3 Right to Transfer Upon Release. During the term of this Agreement, Depositor hereby grants to DSI the right to transfer a copy of the Deposit Materials to Preferred Beneficiary upon any release of the Deposit Materials for use by Preferred Beneficiary in accordance with Section 4. Except upon such a release or as otherwise provided in this Agreement, DSI shall not transfer the Deposit Materials.

## 4. Release of Deposit

4.1 Release Conditions. As used in this Agreement, "Release Conditions" shall mean the existence of any one or more of the following circumstances: Depositor (i) becomes insolvent, (ii) files for voluntary protection under the bankruptcy laws of the United States or England and Wales, or (iii) becomes subject to any involuntary bankruptcy or insolvency proceeding under laws of the United States

or England and Wales (which proceeding is not dismissed by a court of competent jurisdiction within sixty (60) Business Days (as defined in the License Agreement)) (an "Involuntary Proceeding").

4.2 Filing For Release. If Preferred Beneficiary believes in good faith that a Release Condition has occurred, Preferred Beneficiary may provide to DSI written notice of the occurrence of the Release Condition and a request for the release of the Deposit Materials. Upon receipt of such notice, DSI shall promptly notify Depositor and provide a copy of the request to Depositor, by certified mail, return receipt requested, or by commercial express mail.

4.3 Contrary Instructions. From the date DSI mails the notice requesting release of the Deposit Materials, Depositor shall have thirty (30) days to deliver to DSI Contrary Instructions. "Contrary Instructions" shall mean the written representation by Depositor that a Release Condition has not occurred or has been cured. Upon receipt of Contrary Instructions, DSI shall notify Preferred Beneficiary and send a copy of the Contrary Instructions to Preferred Beneficiary by certified mail, return receipt requested, or by commercial express mail. Additionally, DSI shall notify both Depositor and Preferred Beneficiary that there is a dispute to be resolved pursuant to Section 7.3. Subject to Section 5.3, DSI will continue to store the Deposit Materials without release pending (a) joint instructions from Depositor and Preferred Beneficiary; (b) resolution pursuant to Section 7.3; or (c) order of a court.

4.4 Release of Deposit. If DSI does not receive Contrary Instructions from the Depositor, DSI is authorized to release the Deposit Materials to the Preferred Beneficiary at such location in the United States as is specified by the Preferred Beneficiary. However, DSI is entitled to receive any fees then due DSI pursuant to the terms of this Agreement before release of the Deposit Materials. This Agreement will terminate upon the release of the Deposit Materials held by DSI.

4.5 Right to Use Following Release. Unless otherwise provided in the License Agreement, upon release of the Deposit Materials in accordance with this Section 4, Preferred Beneficiary shall have the right to use the Deposit Materials for (i) a period not to exceed [\*\*] months (the "Release Period"), and (ii) the sole purpose of continuing Preferred Beneficiary's use of the Licensed Technology as permitted by the License Agreement, provided that Preferred Beneficiary shall have the right to modify the source code of Deposit Materials comprising software only to the extent necessary to create Bug Fixes (as defined in the License Agreement). The parties agree that (a) Depositor shall own any and all modifications to, and derivative works based on, such Deposit Materials, including any Bug Fixes created by Preferred Beneficiary ("Escrow Bug Fixes"), (b) Preferred Beneficiary shall have a right to use the same during the term of the License Agreement, and (c) neither Depositor nor Preferred Beneficiary may charge the other party any fees or royalties relating to any such Escrow Bug Fixes or the use thereof. Preferred Beneficiary shall be obligated to maintain the confidentiality of the released Deposit Materials as provided in the License Agreement.

4.6 Release Upon an Involuntary Proceeding. In the event the Deposit Materials are released due to an Involuntary Proceeding pursuant to Section 4.1 above, if such Involuntary Proceeding is dismissed during the Release Period, Preferred Beneficiary must, unless otherwise agreed by Depositor and Preferred Beneficiary, (a) return to Depositor all Deposit Materials and any Escrow Bug Fixes, (b) provide Depositor with any modified source code (including source code pertaining to any Escrow Bug Fixes) and a detailed description of all modifications, or (c) destroy any and all copies of Deposit Materials in Preferred Beneficiary's possession and/or control via a method which renders all such copies permanently unrecoverable and certify any such copies as destroyed via such a method.

## 5. Term and Termination

5.1 Term of Agreement. The initial term of this Agreement is for a period of one year. Thereafter, this Agreement shall automatically renew from year-to-year unless (a) Depositor and Preferred Beneficiary jointly instruct DSI in writing that the Agreement is terminated; or (b) the Agreement is terminated by DSI for nonpayment in accordance with Section 5.2. If the Deposit Materials are subject to another escrow agreement with DSI, DSI reserves the right, after the initial one (1) year term, to adjust the anniversary date of this Agreement to match the then prevailing anniversary date of such other escrow arrangement.

5.2 Termination for Nonpayment. In the event of the nonpayment of fees owed to DSI, DSI shall provide written notice of delinquency to all parties to this Agreement. Any party to this Agreement shall have the right to make the payment to DSI to cure the default. If the past due payment is not received in full by DSI within one (1) month of the date of such notice, then DSI shall have the right to terminate this Agreement at any time thereafter by sending written notice of termination to all parties. DSI shall have no obligation to take any action under this Agreement so long as any payment due to DSI remains unpaid.

5.3 Disposition of Deposit Materials Upon Termination. Upon termination of this Agreement, DSI shall destroy, return, or otherwise deliver the Deposit Materials in accordance with signed, written instructions delivered by Depositor to DSI. If there are no instructions, DSI may, at its sole discretion, destroy the Deposit Materials or return them to Depositor. DSI shall have no obligation to return or destroy the Deposit Materials if the Deposit Materials are subject to another escrow agreement with DSI.

5.4 Survival of Terms Following Termination. Upon termination of this Agreement, the Sections 2.1, 5.3, 5.4, 6.1, 7 and 8 shall survive.

## 6. Fees

6.1 Fee Schedule. DSI is entitled to be paid its standard fees and expenses applicable to the services provided. Preferred Beneficiary shall be responsible for payment of all fees and expenses owed to DSI pursuant to this Agreement. DSI shall notify Preferred Beneficiary at least sixty (60) days prior to any increase in fees. For any service not listed on DSI's standard fee schedule, DSI will provide a quote prior to rendering the service, if requested.

6.2 Payment Terms. DSI shall not be required to perform any service unless all amounts then due are paid in full. All fees are due thirty (30) days after receipt of invoice. If invoiced fees are not paid, DSI may terminate this Agreement in accordance with Section 5.2. Late fees on past due amounts shall accrue interest at the rate of one and one-half (1.5%) percent per month (eighteen percent (18%) per annum) from the date of the invoice.

## 7. Liability and Disputes

7.1 Right to Rely on Instructions. DSI may act in reliance upon any instruction, instrument, or signature reasonably believed by DSI to be genuine. DSI may assume that any employee of a party to this Agreement who gives any written notice, request, or instruction has the authority to do so. DSI shall not be responsible for failure to act as a result of causes beyond the reasonable control of DSI.

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7.2 Indemnification. DSI shall be responsible to perform its obligations under this Agreement and to act in a reasonable and prudent manner with regard to this escrow arrangement. Provided DSI has acted in such reasonable and prudent manner, Depositor and Preferred Beneficiary each agree to indemnify, defend and hold harmless DSI from any claims and all damages, arbitration fees and expenses, costs, attorney's fees and other liabilities resulting therefrom (collectively, the "Liabilities") incurred by DSI relating in any way to this escrow arrangement, except for any Liabilities related to the adjudged gross negligence or willful misconduct of DSI. Depositor shall have sole control over the defense of any such claim and neither Depositor or Preferred Beneficiary shall be liable hereunder for any settlement or compromise negotiated by DSI unless such party agrees in writing to be so bound.

7.3 Dispute Resolution. Any dispute relating to or arising from this Agreement shall be resolved by arbitration under the Commercial Rules of the American Arbitration Association. Three arbitrators shall be selected. Depositor and Preferred Beneficiary shall each select one arbitrator and the two chosen arbitrators shall select the third arbitrator, or failing agreement on the selection of the third arbitrator, the American Arbitration Association shall select the third arbitrator. However, if DSI is a party to the arbitration, DSI shall select the third arbitrator. Unless otherwise agreed by Depositor and Preferred Beneficiary, arbitration will take place in Chicago, Illinois. Any court having jurisdiction over the matter may enter judgment on the award of the arbitrator(s). Service of a petition to confirm the arbitration award may be made by First Class mail or by commercial express mail, to the attorney for the party or, if unrepresented, to the party at the last known business address.

7.4 Notice of Requested Order. If any party intends to obtain an order from the arbitrator or any court of competent jurisdiction which may direct DSI to take, or refrain from taking any action, that party shall:

- (a) Give DSI at least two US business days' prior notice of the hearing;
- (b) Include in any such order that, as a precondition to DSI's obligation, DSI be paid in full for any past due fees and be paid for the reasonable value of the services to be rendered pursuant to such order; and
- (c) Ensure that DSI not be required to deliver the original (as opposed to a copy) of the Deposit Materials if DSI may need to retain the original in its possession to fulfill any of its other duties.

## 8. General Provisions

8.1 Entire Agreement. This Agreement, which includes the exhibits described herein, embodies the entire understanding among the parties with respect to its subject matter and supersedes all previous communications, representations or understandings, either oral or written. DSI is not a party to the license agreement between Depositor and Preferred Beneficiary and has no knowledge of any of the terms or provisions of any such license agreement. DSI's only obligations to Depositor or Preferred Beneficiary are as set forth in this Agreement. No amendment or modification of this Agreement shall be valid or binding unless signed by all the parties hereto, except that Exhibit A need not be signed and Exhibit B need not be signed by Preferred Beneficiary.

8.2 Notices. Any notices hereunder shall be in writing and shall be deemed to be sufficiently given to the addressee and any delivery hereunder deemed made: (i) ten (10) business days after deposit



with the United States Postal Service, via registered air-mail, return receipt requested, postage pre-paid, (ii) five (5) business days after deposit with a reputable commercial express mail courier or (iii) one (1) business day after facsimile transmission (provided the sender receives an automated confirmation of transmission), in each case sent to the parties at the addresses specified in Exhibit A. The parties may change the addresses or fax numbers for notice hereunder by delivery of notice in accordance with the provisions of this section.

8.3 Governing Law. This Agreement is to be governed and construed in accordance with the laws of the State of Illinois, without regard to its conflict of law provisions.

8.4 Severability. In the event any provision of this Agreement is found to be invalid, voidable or unenforceable, the parties agree that unless it materially affects the entire intent and purpose of this Agreement, such invalidity, voidability or unenforceability shall affect neither the validity of this Agreement nor the remaining provisions herein, and the provision in question shall be deemed to be replaced with a valid and enforceable provision most closely reflecting the intent and purpose of the original provision.

8.5 Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties. However, DSI shall have no obligation in performing this Agreement to recognize any successor or assign of Depositor or Preferred Beneficiary unless DSI receives clear, authoritative and conclusive written evidence of the change of parties.

8.6 Regulations. Depositor and Preferred Beneficiary are responsible for all laws, rules and regulations applicable to performance of their respective obligations of Depositor and Preferred Beneficiary hereunder, including but not limited to customs laws, import, export, and re-export laws and government regulations of any country to which the Deposit Materials may be delivered in accordance with the provisions of this Agreement.

8.7 Counterparts. This Agreement may be executed in any number of counterparts, and by the different Parties on separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute but one and the same instrument. A complete set of counterparts shall be lodged with each Party.

[Remainder of page intentionally left blank.  
Signature page follows.]

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IN WITNESS WHEREOF, the parties have executed this Preferred Escrow Agreement as of the date first above written.

LIFFE ADMINISTRATION AND MANAGEMENT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

BOARD OF TRADE OF THE CITY OF CHICAGO, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

DATA SECURITIES INTERNATIONAL, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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DESIGNATED CONTACT

Account Number \_\_\_\_\_

Notices, deposit material returns and  
communications to Depositor  
should be addressed to:

Invoices to Depositor should be  
addressed to:

Company Name: \_\_\_\_\_

\_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Designated Contact: \_\_\_\_\_

Contact: \_\_\_\_\_

Telephone: \_\_\_\_\_

\_\_\_\_\_

Facsimile: \_\_\_\_\_

P.O.#, if required: \_\_\_\_\_

Notices and communications to  
Preferred Beneficiary should be addressed to:

Invoices to Preferred Beneficiary  
should be addressed to:

Company Name: \_\_\_\_\_

\_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Designated Contact: \_\_\_\_\_

Contact: \_\_\_\_\_

Telephone: \_\_\_\_\_

\_\_\_\_\_

Facsimile: \_\_\_\_\_

P.O.#, if required: \_\_\_\_\_

Requests from Depositor or Preferred Beneficiary to change the designated contact should be given in writing by the designated contact or an authorized employee of Depositor or Preferred Beneficiary.

Contracts, Deposit Materials and notices to  
DSI should be addressed to:

Invoice inquiries and fee remittances  
to DSI should be addressed to:

DSI  
Contract Administration  
Suite 200  
9555 Chesapeake Drive  
San Diego, CA 92123

DSI  
Accounts Receivable  
Suite 1450  
425 California Street  
San Francisco, CA 94104

Telephone: (619) 694-1900  
Facsimile: (619) 694-1919

(415) 398-7900  
(415) 398-7914

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CONFIDENTIAL TREATMENT REQUESTED BY  
CBOT HOLDINGS, INC.

Date: \_\_\_\_\_

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A-2

EXHIBIT B

DESCRIPTION OF DEPOSIT MATERIALS

Depositor Company Name \_\_\_\_\_  
Account Number \_\_\_\_\_  
Product Name \_\_\_\_\_ Version \_\_\_\_\_  
(Product Name will appear on Account History report)

DEPOSIT MATERIAL DESCRIPTION:

Quantity	Media Type & Size	Label Description of Each Separate Item (Please use other side if additional space is needed)
_____	Disk 3.5" or _____	
_____	DAT tape _____mm	
_____	CD-ROM	
_____	Data cartridge tape _____	
_____	TK 70 or _____ tape	
_____	Magnetic tape _____	
_____	Documentation _____	
_____	Other _____	

PRODUCT DESCRIPTION:

Operating System \_\_\_\_\_  
Hardware Platform \_\_\_\_\_

DEPOSIT COPYING INFORMATION:

Is the media encrypted? Yes / No If yes, please include any passwords and the decryption tools.

Encryption tool name \_\_\_\_\_ Version \_\_\_\_\_

Hardware required \_\_\_\_\_  
Software required \_\_\_\_\_

I certify for Depositor that the above described Deposit Materials have been transmitted to DSI: DSI has inspected and accepted the above materials (any exceptions are noted above):

Signature _____	Signature _____
Print Name _____	Print Name _____
Date _____	Date Accepted _____
	Exhibit B# _____

Send materials to: DSI, 9555 Chesapeake Dr. #200, San Diego, CA 92123 (619)694-1900

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CONFIDENTIAL TREATMENT REQUESTED BY  
CBOT HOLDINGS, INC.

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SCHEDULE I

FEEES  
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Part 1 - Initial Term License Fee  
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The License Fee payable under this Agreement for the duration of the Initial Term is [\*\*], which shall be paid as follows:

- (a) The CBOT shall pay to LIFFE [\*\*];
- (b) LIFFE shall invoice the CBOT for [\*\*];  
and
- (c) LIFFE shall invoice the CBOT for [\*\*].

Part 2 - Renewal Term License Fee  
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- 2.1 The License Fee payable in respect of the Renewal Term immediately following the Initial Term (the "First Renewal Term") shall be calculated as follows: [\*\*] per annum adjusted by the greater of (a) [\*\*] per annum during the Initial Term or (b) the percentage change in the [\*\*] as published by the [\*\*] during the Initial Term, as measured by the change between the [\*\*] number for the month before the month in which the Initial Term began and for the month before the month in which the first day of the First Renewal Term begins; provided that the License Fee shall not be adjusted by more than [\*\*].
- 2.2 The License Fee payable in respect of the Renewal Term immediately following the First Renewal Term (the "Second Renewal Term") shall be calculated as follows: the annual License Fee payable for the First Renewal Term adjusted by the greater of (a) [\*\*] percent [\*\*] per annum during the First Renewal Term or (b) the percentage change in the [\*\*] as published by the [\*\*] during the Initial Term, as measured by the change between the [\*\*] number for the month before the month in which the First Renewal Term began and for the month before the month in which the first day of the Second Renewal Term begins; provided that the License Fee shall not be adjusted by more than [\*\*].
- 2.3 LIFFE shall be entitled to invoice the CBOT for the full amount of the License Fee for each Renewal Term [\*\*].

## INDEPENDENT AUDITORS' CONSENT

We consent to the use in this Amendment No. 5 to Registration Statement No. 333-72184 of CBOT Holdings, Inc. on Form S-4, of our report dated February 19, 2002 (October 10, 2002 as to Note 14 and January 22, 2003 as to Note 12), which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", relating to the consolidated financial statements of the Board of Trade of the City of Chicago, Inc. and Subsidiaries as of December 31, 2001, appearing in the Proxy Statement and Prospectus, which is part of this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ Deloitte & Touche LLP

Chicago, Illinois  
January 23, 2003



[William Blair Letterhead]

CONSENT

We hereby consent to the use in the Registration Statement and Proxy of CBOT Holdings, Inc. on Form S-4 of our opinion dated September 17, 2002, appearing as Appendix D, to such Registration Statement and Proxy, to the description therein of such opinion and to the references therein to our name. In giving the foregoing consent, we do not admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended (the "Securities Act"), or the rules and regulations promulgated thereunder, nor do we admit that we are experts with respect to any part of such Registration Statement and Proxy within the meaning of the term "experts" as used in the Securities Act or the rules and regulations promulgated thereunder.

William Blair & Company, L.L.C.

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/s/ William Blair & Company, L.L.C.

Chicago, Illinois  
January 22, 2003

