



Board of Trade
Clearing
Corporation

2003 SEP 25 11:53:32

Nancy K. Brooks
Vice President,
General Counsel and Secretary

September 25, 2003

Re: **Rule Certification Pursuant to Section
5c(c)(1) of the Commodity Exchange
Act and Commission Regulation 40.6**

VIA AIR COURIER AND E-MAIL

Ms. Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Dear Ms. Webb:

The Board of Trade Clearing Corporation (the "Clearing Corporation") hereby submits, pursuant to Commodity Futures Trading Commission ("Commission") Regulation 40.6, a self-certification of the amended Rules of the Clearing Corporation (the "Amended Rules"). The Clearing Corporation is registered with the Commission as a derivatives clearing organization ("DCO"). As detailed below, the Clearing Corporation intends to make the Amended Rules effective on the business day following the filing of this submission with the Commission at its Washington, D.C. headquarters and with its Chicago regional office.

This submission includes the Amended Rules. A description of the principal changes contained in the Amended Rules follows. Certification of the Amended Rules pursuant to Section 5c(c)(1) of the Commodity Exchange Act is also provided herein.

Amended Rules:

On September 3, 2003, the Clearing Corporation entered into an agreement with Eurex Frankfurt AG ("Eurex") under which the Clearing Corporation will clear and settle contracts traded on U.S. Futures Exchange, L.L.C., a new U.S. derivatives exchange to be established by Eurex. To accommodate this new business relationship, the Clearing Corporation has prepared the Amended Rules, which will establish the terms and conditions that will govern the services to be provided by the Clearing Corporation. Among the most substantive revisions included in the Amended Rules is the addition of Part 9, which contains provisions specifically adopted in connection with the clearance and settlement of trades effected through the facilities of U.S. Futures Exchange, L.L.C., including procedures for delivery. Other substantive changes include an addition to the interpretations in Section 101 to indicate the dates after which the Clearing Corporation will no longer clear and settle trades from the Board of Trade of the City of Chicago, Inc. ("CBOI"),

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the deletion of provisions related to the defunct linked arrangements with the CBOT and London International Financial Futures Exchange, and deletion of provisions related to the Merchants' Exchange, transactions on which are cleared subject to the rules of the Clearing Corporation's wholly-owned subsidiary, Guaranty Clearing Corporation. Additional conforming changes were made throughout the Rules.

As noted in earlier communication with staff of the Commission, the Clearing Corporation intends to certify additional rules to the Commission in the near future.

The Clearing Corporation intends to make the Amended Rules effective on September 26, 2003.

Annexed as Exhibits hereto are the following:


- A. Amended Rules of the Clearing Corporation.
- B. A copy of the Amended Rules of the Clearing Corporation marked to show changes from the Rules as previously in effect.

Certification:

The Clearing Corporation hereby certifies that the Amended Rules comply with the Act and the regulations thereunder. There were no substantive opposing views.

The Clearing Corporation would be pleased to respond to any questions that the Commission or the staff may have regarding this submission. Please direct any questions or requests for information to the attention of the undersigned at (312) 786-5711 or Robert G. Hertel, Jr., Associate General Counsel, at (312) 786-5743.

Sincerely,



Nancy K. Brooks

Enclosure

cc: Jane Kang Thorpe (w/encl.)
John C. Lawton (w/encl.)
Rosemary Hollinger (w/encl. by messenger)
Frank Zimmerle (w/encl. by messenger)

Rules of the Board of Trade Clearing Corporation

1. INTERPRETATION

101. Definitions.

Board; Board of Governors

The Board of Governors of the Clearing Corporation.

Business Day

Any day (other than Saturdays, Sundays and holidays observed by the Clearing Corporation) on which the Clearing Corporation is open for business.

Bylaws

The Bylaws of the Clearing Corporation, as in effect from time to time.

Certificate of Incorporation

The Restated Certificate of Incorporation of the Clearing Corporation, as amended from time to time.

Commodities

All goods, articles, services, rights and interests in which Exchange Contracts are dealt in.

Clearing Corporation

The Board of Trade Clearing Corporation.

Contracts

Exchange Contracts and OTC Contracts.

Default

Any event that would constitute a default under Rule 605.

Exchange Contract

A Futures Contract, Option on a Futures Contract or Option on a commodity that is dealt in on or subject to the rules of an Exchange Market and submitted to the Clearing Corporation for clearance in accordance with these Rules.

Exchange Market

An exchange or market that has been designated by or registered with the Commodity Futures Trading Commission as a contract market or derivatives transaction execution facility, is party to an agreement with the Clearing Corporation for the provision of clearing services, and is specifically identified in these Rules as an Exchange Market.

. . . Interpretations and Policies:

- .01 The following exchanges and markets are Exchange Markets in respect of the following Exchange Contracts:
- (a) U.S. Futures Exchange, L.L.C., with respect to (i) 30-year Treasury Bond Futures, (ii) 10-year Treasury Note Futures, (iii) 5-year Treasury Note Futures, (iv) 2-year Treasury Note Futures, (v) Options on 30-year Treasury Bond Futures, (vi) Options on 10-year Treasury Note Futures, (vii) Options on 5-year Treasury Note Futures, and (viii) Options on 2-year Treasury Note Futures, as set forth more fully in Chapter 9.
 - (b) Board of Trade of the City of Chicago, Inc., with respect to (i) Futures Contracts and Options on Corn, Futures Contracts on mini-sized Corn, Futures Contracts and Options on Soybeans, Futures Contracts on mini-sized Soybeans, Futures Contracts and Options on Wheat, Futures Contracts on mini-sized Wheat, Futures Contracts and Options on Oats, Futures Contracts and Options on Rough Rice, Futures Contracts and Options on Soybean Oil, Futures Contracts and Options on Soybean Meal, Futures Contracts and Options on 5-Year Interest Rate Swap, Futures Contracts and Options on 10-Year Interest Rate Swap, Futures Contracts on 10-Year Municipal Note Index, Futures Contracts and Options on 30-Day Federal Funds, Futures Contracts and Options on the Dow Jones Industrial Average Index, Futures Contracts on the Dow Jones-AIG Commodity Index, and Futures Contracts on the mini-sized Dow (\$5 Multiplier), but only through and including November 24, 2003; and (ii) Futures Contracts and Options (standard and flex) on U.S. Treasury Bonds, Futures Contracts on mini-sized U.S. Treasury Bonds, Futures Contracts and Options (standard and flex) on Long-Term U.S. Treasury Notes (6½ - 10 Year), Futures Contracts on mini-sized Long-Term U.S. Treasury Notes, Futures Contracts and Options (standard and flex) on Medium-Term U.S. Treasury Notes (5 Year), Futures Contracts and Options (standard and flex) on Short-Term U.S. Treasury Notes (2 Year), Futures Contracts and Options on Long-Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes, Futures Contracts

and Options on Medium-Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes, Futures Contracts on mini-sized New York Silver, Future Contracts on mini-sized New York Gold, and Futures Contracts on mini-sized Three-Month Eurodollar Time Deposits, but only through and including January 2, 2004.

Final Settlement

With respect to a Member that has open Trades or positions in Contracts at the close of trading on the Last Trading Day, the issuance of instructions by the Clearing Corporation to such Member's settlement bank to debit or credit the Member's variation settlement account on the next Business Day and the acceptance thereof by such settlement bank.

Futures Contracts

Contracts for the purchase or sale of a Commodity for future delivery dealt in pursuant to the rules of an Exchange Market.

Last Trading Day

The final day of trading in a Contract, as set forth in the rules of the relevant Market or in these Rules.

Margin

Original Margin (including super and special margin), Option premiums and variation settlements paid or payable by or to a Member to or by the Clearing Corporation.

Markets

Exchange Markets and OTC Markets.

Member

An Individual Member or Member Firm admitted to membership in the Clearing Corporation. As used in these Rules, the term "Individual Member" shall mean a sole proprietor or the sole owner, if any, of a Member Firm.

Member Firm

A Member organized and doing business as a corporation, partnership, limited liability company or other form of organization authorized by the Clearing Corporation.

Option

An Option on a Futures Contract or Option on a Commodity, dealt in pursuant to the rules of an Exchange Market.

OTC Contract

An agreement, contract, or transaction that is specifically identified in these Rules as an OTC Contract and submitted to the Clearing Corporation in accordance with these Rules and that is: (i) (A) an interest rate swap, option, or forward agreement, including a rate floor, rate cap, rate collar, cross-currency rate swap, basis swap, or forward rate agreement; (B) a same day-tomorrow, tomorrow-next, forward, or other foreign exchange or precious metals agreement; a currency swap, option, or forward agreement; (C) an equity index or equity swap; (D) a debt index or debt swap; (E) a credit spread or credit swap, option, or forward agreement; (F) a commodity index or commodity swap, option, or forward agreement; or (G) a weather swap, weather derivative, or weather option; (ii) similar to any other agreement, contract, or transaction referred to above that is a forward, swap, or option on one or more occurrences of any event, rates, currencies, commodities, economic or other indices or measures of economic or other risk or value; (iii) excluded from the Commodity Exchange Act under section 2(c), 2(d), 2(f), or 2(g) of such Act, or exempted under section 2(h) or 4(c) of such Act; or (iv) an option to enter into any, or any combination of, agreements, contracts or transactions referred to herein.

OTC Market

A market that is party to an agreement with the Clearing Corporation for the provision of clearing services and that is specifically identified in these Rules as an OTC Market.

Person

An individual, sole proprietorship, partnership, limited liability company, association, firm, trust, corporation or other entity, as the context may require.

President

The President of the Clearing Corporation.

Rule

References to a "Rule" or "Rules" are references to the Rules of the Clearing Corporation.

Settlement Price

The price, established in accordance with Rule 404, for each open Contract.

Trades

Transactions in Contracts.

Transfer Trades

With respect to Exchange Contracts, transactions commonly referred to as give-ups, office transfers, exchanges of futures for physicals or exchanges of futures for swaps, as well as

such other transactions in Exchange Contracts as may be defined as Transfer Trades by the Clearing Corporation. With respect to OTC Contracts, transactions in OTC Contracts that are defined as Transfer Trades by the Clearing Corporation.

102. Scope and Interpretation.

- (a) The Rules set forth herein are applicable only to Trades and related obligations arising out of Exchange Contracts and OTC Contracts, and supplement the Bylaws of the Clearing Corporation in their application to such Trades and obligations. In the event of a conflict between these Rules and the Bylaws of the Clearing Corporation, these Rules will prevail. In the event of a conflict between these Rules generally and Rules adopted by the Clearing Corporation specifically governing Trades and related obligations made on a particular Market or particular types of transactions, the Rules specifically governing such Trades, obligations or transactions will prevail. More particularly:
 - (i) The Rules in Chapters 1 - 8 are supplemented for specific Contracts and Markets by the Rules in Chapters 9 *et seq.* (Thus, for example, the definitions in Rule 101 are supplemented, for purposes of Chapter 9, by the additional definitions in Rule 9-101.)
 - (ii) Where the numbering of a Rule in Chapters 9 *et seq.* corresponds to that of a Rule in Chapters 1 - 8, the Rule in Chapters 1 - 8 is superseded to the extent applicable by the correspondingly numbered Rule in Chapter 9 *et seq.* (Thus, for example, references in Chapter 9 to the term "Settlement Price" mean the Settlement Price established in accordance with Rule 9-404.)
 - (iii) Where a Rule in Chapter 9 *et seq.* is "[Reserved]," the correspondingly numbered Rule in Chapters 1 - 8 is made expressly inapplicable to the Markets and Contracts that are the subject of the Rules in that Chapter.
- (b) In these Rules, unless a clear contrary intention appears, (a) the singular number includes the plural number and vice versa, (b) reference to the masculine, feminine or neuter gender includes each other gender, (c) any reference to a number of days shall mean calendar days unless Business Days are specified, and (d) any reference to times shall mean the time in Chicago, Illinois. Except as otherwise specifically provided in these Rules, an act that otherwise would be required or permitted by these Rules to be performed on a date that is not a Business Day may be performed on the next day that is a Business Day.

2. MEMBERSHIP

201. Qualifications of Members.

- (a) The Clearing Corporation shall have the sole power to determine whether any applicant for membership, or any existing Member, satisfies the qualifications for membership established by the Clearing Corporation. Only persons found by the Corporation to be so qualified shall be permitted to be Members. For the purpose of determining whether any applicant or Member is thus qualified, the Clearing Corporation may establish minimum capital and other financial requirements for Members, examine the books and records of any applicant or Member, and may take such other steps as it may deem necessary to ascertain the facts bearing upon the question of qualification.
- (b) In order to justify the Clearing Corporation assuming the risk of clearing their Trades, Members must meet and maintain such standards of business integrity, financial capacity, creditworthiness, operational capability, experience and competence as may be established by the Clearing Corporation from time to time. Without limitation of the foregoing, no applicant shall be admitted to membership unless:
 - (i) It meets, at the time of admission and maintains thereafter, such minimum capital requirements as may be established from time to time by the Clearing Corporation.
 - (ii) It has established satisfactory relationships with, and has designated to the Clearing Corporation, an approved settlement bank for confirmation and payment of all Margins and settlements with the Clearing Corporation.
 - (iii) It maintains back-office facilities staffed with experienced and competent personnel or has entered into a facilities management agreement in form and substance acceptable to the Clearing Corporation.
 - (iv) It files in a timely manner all reports and information relating to the Member, Persons controlling the Member, and related or affiliated organizations as required by these Rules or otherwise required by the Clearing Corporation.

202. Application for Membership.

- (a) Persons desiring to clear Trades through the Clearing Corporation shall make application in such form as shall be prescribed by the Clearing Corporation. Each applicant must agree to abide by the Certificate of Incorporation, Bylaws, Rules, interpretations and policies of the Clearing Corporation as in effect from time to time. An applicant for membership shall be conclusively deemed to have agreed to have no recourse against the Clearing Corporation in the event that its application for membership is rejected.

- (b) Notwithstanding a sale or transfer of membership, a Person qualified as a Member agrees to be responsible for any violation of the Bylaws, Rules, interpretations and policies of the Clearing Corporation committed by such Person while a Member and agrees to have any disputes which arise while a Member which relate to or arise out of any transaction with the Clearing Corporation or membership in the Clearing Corporation resolved in accordance with the Bylaws and Rules.

203. Restriction on Activity.

The failure to continue to comply with the conditions of the Bylaws and Rules may subject a Member to a suspension or revocation of clearing privileges. In addition, or in the alternative, and in either case in its sole discretion, the Clearing Corporation shall be authorized: (a) to impose such additional capital, Margin or other requirements as it shall deem appropriate for the protection of the Clearing Corporation and its Members; (b) to allow such Member to submit Trades solely for the Member's own account; (c) to allow such Member to submit Trades for liquidation only; (d) to limit or restrict the type of Contracts that may be cleared by such Member in any of its accounts with the Clearing Corporation; or (e) to limit or restrict the number of Contracts that are permitted to be maintained by such Member in any of its accounts with the Clearing Corporation.

204. Financial Statements of Members.

Each Member shall submit statements of its financial condition at such times and in such manner as shall be prescribed from time to time.

205. Parent Guarantee.

- (a) A Member that is organized as a corporation, the majority of whose outstanding capital stock is owned or controlled by another corporation or by a partnership or limited liability company, shall be approved for the clearing of Contracts only if its controlling parent organization or individuals with a significant ownership interest guarantee the member's obligations relating to Contracts. For purposes of this paragraph, stock of a corporate applicant or Member which is owned or controlled by an officer, stockholder, or partner of another organization will be considered owned or controlled by such other organization. The Clearing Corporation may, for good cause shown, waive this provision.
- (b) A partnership whose partners include one or more other partnerships, corporations or limited liability companies shall be approved for the clearing of Contracts only if all of its partners are general partners. The Clearing Corporation may, for good cause shown, waive this provision.
- (c) A limited liability company, the majority of whose membership interests are owned or controlled by another limited liability company or by a corporation or partnership, shall be approved for the clearing of Contracts only if its controlling parent organization or individuals with a significant ownership interest guarantee the Member's obligations relating to Contracts. For purposes of this paragraph,

membership interests which are owned or controlled by a manager, managing member, an officer, shareholder or partner of another organization will be considered owned or controlled by such other organization. The Clearing Corporation may, for good cause shown, waive this provision.

... **Interpretations and Policies:**

- .01 The guarantee of a Member's obligations required by this Rule shall, unless otherwise provided in particular cases, be applicable only to Trades made for a proprietary account (as such term is defined in Commodity Futures Trading Commission Regulation 1.3(y)) or other non-customer accounts of the Member.

206. Common Owner Guarantee.

- (d) No more than one Member shall be owned or controlled, directly or indirectly, by the same Person unless:
- (i) Each such Member consents to the use by the Clearing Corporation of any and all assets of the Member in the possession of the Clearing Corporation or under its control to satisfy the obligations of all such commonly owned or controlled Member to the Clearing Corporation;
 - (ii) Each such Member guarantees to the Clearing Corporation all obligations of all such commonly owned or controlled Members, including, without limitation, obligations arising out of house and customer account positions maintained by the Clearing Corporation; and
 - (iii) Each such Member irrevocably consents to its immediate suspension or expulsion from membership in the Clearing Corporation should it fail timely and fully to honor its guarantee of the obligations of such commonly owned or controlled Members or should such a commonly owned or controlled Member fail to honor its guarantee of such Member.
- (e) The Clearing Corporation may grant exemptions from the requirements of this Rule 206 for good cause shown if it determines that such exemptions will not jeopardize the financial integrity of the Clearing Corporation.

207. Notices Required of Members.

- (a) Each Member shall immediately notify the Clearing Corporation, orally and in writing, of:
- (i) Any material adverse change in the Member's financial condition including, but not limited to, a decline in net capital or, with respect to Members that are not registered with the Commodity Futures Trading Commission as futures commission merchants, net worth equal of 20% or more, or if such Member knows or has reason to believe that its adjusted

net capital has fallen below the Clearing Corporation's minimum capital requirements;

- (ii) Any proposed material reduction (and, in all cases, if the reduction is 30% or more) in the Member's operating capital, including the incurrence of a contingent liability which would materially affect the Member's capital or other representations contained in the latest financial statement submitted to the Clearing Corporation should such liability become fixed; provided, that any such reduction in operating capital shall not be effected by the Member if the Clearing Corporation specifically objects thereto, in writing, within thirty days after receipt of written notice thereof;
- (iii) Any refusal of admission to, withdrawal of any application for membership in, any suspension, expulsion, bar, fine, censure, denial of membership, registration or license, withdrawal of any application for registration, cease and desist order, temporary or permanent injunction, denial of trading privileges, or any other sanction or discipline through an adverse determination, voluntary settlement or otherwise, by the Commodity Futures Trading Commission, the Securities and Exchange Commission, any commodity or securities exchange, clearing organization, the National Futures Association, the National Association of Securities Dealers, any self-regulatory organization or other business or professional association;
- (iv) The imposition of any restriction or limitation on the business conducted by the Member on or with any securities or futures clearing organization or exchange (including, without limitation, any contract market, derivatives transaction facility, exempt board of trade or other trading facility), other than restrictions or limitations imposed generally on all members of or participants in such clearing organization or exchange;
- (v) Any failure by such Member, or any guarantor or commonly owned or controlled Member (as provided in Rules 205 and 206) to perform any of its material contracts, obligations or agreements;
- (vi) Any determination that it, or any guarantor or commonly owned or controlled Member (as provided in Rules 205 and 206), will be unable to perform any of its material contracts, obligations or agreements;
- (vii) The insolvency of such Member, or of any guarantor or commonly owned or controlled Member (as provided in Rules 205 and 206);
- (viii) The institution of any proceeding by or against the Member, any affiliate of the Member, or any Person with an ownership interest of greater than 5% in the Member, under any provision of the bankruptcy laws of the United States, or under the Securities Investor Protection Act of 1970, any other statute or equitable power of a court of like nature or purpose, in

which such Member or Person is designated as the bankrupt, debtor or equivalent, or a receiver is appointed or if a receiver, trustee or similar official is appointed for the Member, such Person, or its or their property;

- (ix) The receipt by such Member, or the filing by such Member with a self-regulatory organization, of a notice of material inadequacy; and
- (x) The receipt by such Member from its independent auditors of an audit opinion that is not unqualified.

(b) Each Member shall promptly provide written notice to the Clearing Corporation of:

- (i) Any changes in its name, business address, its telephone or facsimile number, electronic mail address, or any number or access code for any electronic communication device used by it to communicate with the Clearing Corporation;
- (ii) Any proposed change in the organizational or ownership structure or management of a Member Firm; and
- (iii) Any transfer, offer to transfer, or termination of an Exchange Market membership, where such membership has been designated under the rules of such Exchange Market for the benefit of the Member.

... **Interpretations and Policies:**

- .01 As used in paragraph (a)(i), the term "net capital" means the greatest of: (a) the minimum net capital requirement established by the Clearing Corporation for such Member; (b) with respect to a Member that is a registered futures commission merchant, adjusted net capital as provided in Commodity Futures Trading Commission Regulation 1.17; and, (c) with respect to a Member that is a registered broker-dealer, excess adjusted net capital as provided in Securities and Exchange Commission Regulation 15c3-1.

208. Exchange Membership.

The Clearing Corporation may decline or restrict the ability of a Member to clear Trades made on any Exchange where such Member is not admitted to the privileges of membership or is not approved by such Exchange Market to clear Trades made on or subject to the rules of such Exchange Market.

209. Termination of Membership.

- (a) Upon the occurrence of a Termination Event (as defined herein), the Clearing Corporation may, in its sole discretion, impose limitations, conditions and restrictions upon a Member or terminate the status of the Member. In such circumstances, the Clearing Corporation may, in its sole discretion, (i) decline to accept new Trades, (ii) cause open Contracts to be transferred to another clearing

organization designated by the Market, with such security against claims and liabilities as the Clearing Corporation shall deem necessary for its protection, (iii) permit Trades to be tendered for liquidation only, (iv) cause open Contracts to be settled in cash or liquidated in the open market, and (v) otherwise take or omit to take such actions, or any combination thereof, as it deems necessary or appropriate in the circumstances.

- (b) As used herein, "Termination Event" shall mean the occurrence of any of the following:
- (i) The expiration or termination of the agreement for clearing services between the Clearing Corporation and the relevant Market;
 - (ii) The expiration or termination of the agreement between the Member and the Clearing Corporation;
 - (iii) A representation or warranty made by the Member to the Clearing Corporation under or in connection with any agreement between the Clearing Corporation and the Member shall be false or misleading in any material respect as of the date on which made;
 - (iv) The breach by the Member of the Rules or any of the terms or provisions of any agreement between the Clearing Corporation and the Member which is not remedied promptly after notice from the Clearing Corporation; or
 - (v) The Member shall be in Default.

3. CLEARING OF CONTRACTS

301. Effect of Clearance.

Trades submitted for clearance by or for the account of a Member shall be submitted to the Clearing Corporation as required by the Rules and the rules of the Market, and if the Clearing Corporation accepts the same, as provided in Rule 310, the buying Member shall be deemed to have bought such Contract from the Clearing Corporation and the selling Member shall be deemed to have sold such Contract to the Clearing Corporation. Upon such substitution, such buyers and sellers shall be released from their obligations to each other, and the Clearing Corporation shall be deemed to have succeeded to all the rights, and to have assumed all the obligations, of the original parties to such contracts.

302. Tender of Trades.

The filing of a Trade confirmation by or on behalf of a Member, as hereinafter provided, shall be deemed a tender to the Clearing Corporation for clearance of the Trade listed on such confirmation. These Rules shall constitute part of the terms of each Contract tendered to the Clearing Corporation.

303. Adjustments.

- (a) Where a Futures Contract is cleared and the contract price is less than the Settlement Price of the day, the selling Member shall pay to the Clearing Corporation and the buying Member shall receive from the Clearing Corporation the difference between the value of the Futures Contract based upon the Settlement Price of the day and the contract price. In like manner, if the contract price of a Futures Contract is more than the Settlement Price of the day, the buying Member shall pay to the Clearing Corporation, and the selling Member shall receive from the Clearing Corporation, the difference between the value of the Futures Contract based upon the Settlement Price of the day and the Contract price.
- (b) Such payments shall be at the time and in the manner prescribed by the Clearing Corporation. Thereupon, the selling Member shall be deemed to have sold such Futures Contract to the Clearing Corporation, and the buying Member shall be deemed to have bought such Futures Contract from the Clearing Corporation, in each case at the Settlement Price of the day. Thereafter, from day to day, to the extent such transaction remains open, similar payments shall be made to bring the Trade to the Settlement Price of that day, and after such payments have been made, the buying Participant shall be deemed to have bought, and the selling Participant shall be deemed to have sold, such Futures Contract to the Clearing Corporation at the Settlement Price of such day.

304. Offsets.

Where, as the result of substitution under Rule 301, a Member has bought from the Clearing Corporation any amount of a given Futures Contract for a particular delivery, and subsequently, and prior to such delivery, such Member sells to the Clearing Corporation any amount of the same Futures Contract for the same delivery, the second transaction shall be deemed pro tanto a settlement or adjustment of the prior transaction, except as provided in Rule 311, and except with respect to Options. In like manner, where a Member sells to the Clearing Corporation any amount of a given Futures Contract for a particular delivery, and subsequently, and before delivery, such Member buys any amount of the same Futures Contract for the same delivery, the second transaction shall be deemed pro tanto a settlement or adjustment of the prior transaction, except as provided in Rule 311, and except with respect to Options. Thereupon, such Member shall become liable to pay the loss or entitled to collect the profit, as the case may be, upon such adjusted transactions, and shall be under no further liability to receive or make delivery with respect thereto. For purposes of this Rule, the first Trades made shall be deemed the first Trades offset.

305. Trade Confirmations.

Each Business Day, the exact hours as from time to time fixed by the Clearing Corporation, Members shall file with the Clearing Corporation confirmations, in the manner prescribed by the Clearing Corporation (which, in the case of electronic trading systems that submit matched trades to the Clearing Corporation, shall be satisfied by confirming reports automatically generated by such system that contain the information set forth herein), covering Trades made during the day (including scratch Trades) showing for each Trade (a) the identity of both Members, (b) whether bought or sold, (c) the quantity involved, (d) the delivery month, (e) the Contract expiration and series involved, (f) the price and/or premium, (g) whether for house, customer, non-customer or floor trader account, and (h) such other information as may be required by the Clearing Corporation to effect the matching of Trades between the buyer and the seller.

306. Disagreement in Trade Confirmations.

If a Trade confirmation of any Member shall not correspond in all material respects with the confirmation of the other party to such Trade, the Clearing Corporation may reject such Trade and notify both Members, setting forth the basis of such objection.

307. Statement of Trades and Positions.

The Clearing Corporation shall make available to a Member a statement of Trades and positions for each Business Day on which such Member has Trades to be cleared or a position open with the Clearing Corporation. Such statement shall show the amounts the Member shall pay to or receive from the Clearing Corporation under Rule 303 and the amount of premium the Member shall pay to or receive from the Clearing Corporation, in all cases at the time and in the manner prescribed by the Clearing Corporation.

308. Daily Variation Settlements.

If the statement of Trades and positions made available to a Member under Rule 307 shows a net balance in favor of the Clearing Corporation, the Member shall, at the time and in the manner prescribed by the Clearing Corporation, pay such net balance to the Clearing Corporation. Payment will be considered made hereunder only if made in a manner prescribed by the Clearing Corporation and results in immediate credit to the account of the Clearing Corporation. If such statement shows a net balance in favor of the Member, the Clearing Corporation shall promptly pay, at the time and in the manner prescribed by the Clearing Corporation, the amount of such net balance to the Member.

309. Statement of Original Margins and Premiums.

At the time a Member a statement of the Member's Trades and positions is made available pursuant to Rule 307, the Clearing Corporation shall also make available a statement showing original Margins and Option premiums deposited by the Member, the amount of such Margins and premiums required by the Clearing Corporation, and the Member's net surplus of, or deficit in, such Margins and premiums.

310. Acceptance of Trades by Clearing Corporation.

The Clearing Corporation shall accept no Trades for clearance except for the account of its Members. A Trade, except a Transfer Trade, is accepted upon either the Clearing Corporation's receipt and acknowledgment of a matched Trade or matching of Trade confirmations. A Transfer Trade is accepted upon receipt of all payments and deposits required to be made pursuant to these Rules by the Members who are parties to the Transfer Trade. Issuance by the Clearing Corporation, to a Member, of a statement of Trades and positions as provided in Rule 307 shall constitute confirmation that the Trades listed on such statement, except Transfer Trades, have been accepted by the Clearing Corporation.

311. Trades for Customers.

Where a Member clears a Trade for a customer, whether a Member or non-Member of an Exchange Market, the Member becomes liable to the Clearing Corporation and the Clearing Corporation liable to the Member on such Trade in the same manner and to the same extent as if the Trade were for the account of the Member; provided, however, that Trades designated by the Member as for the Member's customer shall not be offset under Rule 304 against Trades designated by the Member as for the Member's own account.

312. Separate Accounts.

A Member required by law to segregate a particular class of transactions with the Clearing Corporation shall maintain a separate account for that purpose (the "separate account"). When appropriately so designated by the Member, the separate account shall be treated as to Margins, Option premiums, daily variation settlements, deliveries and all other operations as though it were the account of a different Member except that, (a) excess funds in any other account of the Member may be allocated by the Clearing Corporation to the separate account to the extent necessary to meet applicable Margin and variation deposit

requirements of these Rules, and (b) if the Member is in Default under Rule 605 as to any account maintained by the Member with the Clearing Corporation or for any reason ceases to be a Member, the open Trades in all such accounts may be closed in the open market, transferred to any other Member, or otherwise resolved and the deficit, if any, in the separate account applied to the balance in any other account of the Member. The Clearing Corporation shall maintain all funds held in the separate accounts in accordance with relevant provisions of the Commodity Exchange Act and Commodity Futures Trading Commission regulations.

The shares of Clearing Corporation stock owned by a Member shall secure all obligations of such Member arising in connection with the separate account of such Member.

313. Records.

Members shall keep permanent records showing, with respect to each purchase or sale, the names of both Members, the Futures Contract, Option series, quantity, date, price, delivery or expiration month, the name or account identifier of the customer for whom the Trade was made and such other information as may be required by law, regulation, or by the Clearing Corporation. Such permanent records shall be retained for at least five years, either in original form or in such other form as the Clearing Corporation may from time to time authorize, and shall be deemed the joint property of the Clearing Corporation and the Member keeping such records. The Clearing Corporation shall be entitled to inspect or take temporary possession of such records at any time upon demand.

314. Reporting.

Members shall make reports of their positions at the time and in the manner prescribed by the Clearing Corporation.

315. Limitation of Liability.

The liability of the Clearing Corporation shall be limited to losses resulting from the substitution of the Clearing Corporation upon contracts between Members in accordance with these Rules. The Clearing Corporation shall not be liable for obligations of a non-Member, obligations of a Member to a non-Member, obligations of a Member to another Member of the Clearing Corporation who is acting for such other member as broker, or obligations of a Member to a customer, nor shall the Clearing Corporation become liable to make deliveries to or accept deliveries from a customer of its Members.

316. Non-Acceptance of Trades.

In case of the non-acceptance of the Trades of any Member, the Clearing Corporation shall be deemed to have incurred no obligations respecting the Trades that are not so accepted. It shall be incumbent upon the Members who are parties to any such Trades to take such steps as the Members may deem necessary or proper for such Members' own protection.

317. Authority of President.

Without limitation of any authority conferred by the Certificate of Incorporation, the Bylaws, other provisions of these Rules, or resolutions of the Board or any committee of the Board, the President is authorized, should he deem it necessary or advisable, to take such action consistent with the Risk Plan as he deems necessary or appropriate for the protection of the Clearing Corporation. The President may take such action pending a meeting of the Risk Committee, but shall modify or rescind such action if so instructed by the Risk Committee or the Board.

4. MARGIN AND SETTLEMENTS

401. Clearing Corporation Lien.

Each Member agrees that the Clearing Corporation shall have a first lien and security interest on all Margin, Option premiums, Trades, positions and other property held in or for the accounts of such Member as security for all obligations of such Member to the Clearing Corporation.

402. Original Margin.

- (a) Margin deposits, other than variation deposits, shall be known as original Margin. The Clearing Corporation shall, from time to time, fix the amount of original Margin which shall be called to protect the Clearing Corporation on Trades in Contracts.
- (b) Original Margin shall be deposited in the manner prescribed in Rules 405 and 406. Upon performance or closing out of contracts thus secured, the original Margin deposits may be withdrawn by the Member upon the authorization of the Clearing Corporation. Margin calls shall ordinarily be uniform, but where particular risks are deemed hazardous, the Clearing Corporation may, in its sole discretion, depart from the rule of uniformity and call for additional Margin.

403. Variation Deposits.

Margin called by reason of market fluctuations shall be known as variation deposits and shall be paid to the Clearing Corporation on demand in the manner prescribed by Rule 308. Variation deposits shall be deemed payments on account of Trades and positions for that Business Day and shall be reflected on statements of Trades and positions for that day. The Clearing Corporation may require additional variation deposits at any time to the extent of market fluctuations.

404. Settlement Price.

- (a) Except as otherwise provided in this Rule, the Settlement Price for each open Contract shall be determined at the close of each day's trading, through and including the Last Trading Day, as follows:
 - (i) If a Contract is actively traded during a trading day, the Settlement Price shall be the last Trade price, or a price established within the closing range, for that Contract.
 - (ii) If a Contract is not actively traded during a trading day, the Settlement Price shall be a price established within the current bids and offers, or based on a current bid or offer, for that Contract.

- (iii) If no current bids or offers are available for an Option, the Settlement Price shall be a price established (A) in relation to quoted spread prices against other actively traded Options of the same expiration date and underlying Futures Contract, or (B) using generally accepted theoretical relationships, or (C) in relation to other actively traded Options of the same underlying Futures Contract, or (D) in relation to the prices of the underlying Futures Contract or Commodity.
 - (iv) If no current bids or offers are available for a Futures Contract, the Settlement Price shall be a price established (A) in relation to quoted spread prices against other actively traded Futures Contracts, or (B) in relation to other futures or Commodity prices.
- (b) Notwithstanding the foregoing, when deemed necessary by the Clearing Corporation in order to protect the respective interests of the Clearing Corporation and Members, the Clearing Corporation may establish the Settlement Price for any Contract at a price deemed appropriate by the President under the circumstances. When the Clearing Corporation determines that circumstances necessitate the application of this paragraph, the reasons for that determination and the basis for the establishment of the Settlement Price in such circumstances shall be recorded.
- (c) In carrying out the responsibilities under this Rule, the Clearing Corporation may consult, as appropriate, with one or more Markets and may consider all relevant market information.

405. Cash Margin Deposits.

If the statement of original Margins furnished to a Member under Rule 309 shows a deficit in original Margins, such Member shall, at the time and in the manner prescribed by the Clearing Corporation, pay an amount in U.S. Dollars, or foreign currency acceptable to the Clearing Corporation, sufficient to cover such deficit to the Clearing Corporation. Payment will be considered made hereunder only if made in a manner prescribed by the Clearing Corporation and if such payment results in immediate credit to the account of the Clearing Corporation.

406. Non-Cash Margin Deposits.

In lieu of maintaining original Margins in cash, as provided for in Rule 405, Members may deposit such types of collateral as may be approved by the Risk Committee of the Board or by the President, consistent with criteria established by the Risk Committee.

Where a Member defaults, all non-cash Margins may be converted to cash or otherwise transferred by the Clearing Corporation for the account of the Member or its customers without further notice.

407. Option Premiums.

Members shall deposit Option premiums with the Clearing Corporation at the time and in the manner prescribed by the Clearing Corporation.

5. DELIVERIES

501. Assignment of Deliveries.

Upon receipt of notices of intention to deliver on Futures Contracts cleared through the Clearing Corporation, issued by sellers in accordance with the rules and regulations of an Exchange Market, the Clearing Corporation shall assign such deliveries to eligible buyers in accordance with such rules and regulations. The Clearing Corporation shall promptly notify buyers as to deliveries assigned to them and shall furnish to sellers the names of buyers obligated to accept such deliveries from them. Delivery and payment therefore shall be made by and between such buyers and sellers in the time and manner prescribed by the rules and regulations of the Exchange Market.

If on the last notice day of a delivery month the total of notices of intention to deliver any Commodity is less than the total of Futures Contracts of such Commodity remaining open and required to be settled by delivery, the Clearing Corporation shall allocate the total quantity of such Commodity tendered for final delivery pro rata, as near as may be practicable, among buyers entitled to receive delivery of such Commodity, and the defaults shall be allocated in the same manner.

502. Purchases and Sales for Physical Delivery.

Issuance of a notice of intention to deliver by a Member to the Clearing Corporation shall constitute an offer by such Member to sell to the Clearing Corporation the specified quantity of the Commodity involved, at the delivery price, and to purchase from the Clearing Corporation the same quantity of the same Commodity at the same price. Acceptance of such notice by the Clearing Corporation shall constitute its acceptance of the Member's offer to sell and repurchase. Such acceptance is effective at the time delivery is required to be made according to the rules and regulations of the Exchange Market and the Rules of the Clearing Corporation.

Assignment of delivery to a Member by the Clearing Corporation shall constitute an offer of the Clearing Corporation to sell to such Member the specified quantity of the Commodity involved, at the delivery price, and to purchase from such Member the same quantity of the same Commodity at the same price. Acceptance of such assignment of delivery by such Member shall constitute his acceptance of the Clearing Corporation's offer to sell and repurchase. Such acceptance is effective at the time delivery is required to be made according to the rules and regulations of the Exchange Market and the Rules of the Clearing Corporation.

The Clearing Corporation shall, at the time delivery is required to be made, consider the corresponding sales to such assigned buyers made hereunder as having been settled and shall apply the opposing repurchase made hereunder as an adjustment of the respective Members' futures positions with the Clearing Corporation in the manner prescribed by these Rules.

503. Delivery Price.

All deliveries on Futures Contracts shall be made at the Settlement Price of the day preceding the day of issuance of notice of intention to deliver, or at the price required in the contract terms and conditions, if such terms and conditions require a different price. The statement of Trades and positions specified in Rule 307 will reflect futures positions closed by delivery and the amount of final adjustment bringing delivery prices to Settlement Prices of the day of notice.

504. Posting of Deliveries.

During each delivery month, the Clearing Corporation shall cause to be posted, not later than the Business Day following the filing of notices of intention to deliver, the name of each Member issuing notices of intention to deliver on Futures Contracts and the total amount of each Commodity tendered by such Member for delivery together with the name of each Member accepting assignment of deliveries and the total amount of each Commodity assigned to such Member.

505. Settlements on Defaulted Deliveries.

- (a) In the event a Member fails to fulfill its delivery obligations as prescribed in these Rules, the Clearing Corporation's sole obligation shall be to pay reasonable damages proximately caused by the Default, but in no event shall the Clearing Corporation be obligated to: (i) pay any damages greater than the difference of the delivery price of the specific Commodity and the reasonable market price of such Commodity at the time delivery is required to be made in accordance with the rules and regulations of the Exchange Market and the Rules of the Clearing Corporation; (ii) make or accept delivery of the actual Commodity; (iii) pay any damages relating to the accuracy, genuineness, completeness, or acceptability of certificates, instruments, warehouse receipts or other similar documents; or (iv) pay any damages relating to the failure or insolvency of banks, custodians, escrow agents, depositories, warehouses, or similar entities that may be involved with a delivery.
- (b) Notwithstanding any provision of these Rules, the Clearing Corporation has no obligation or liability to any Member or any other Person relating to a failure to fulfill a delivery obligation unless it is notified by the non-defaulting Member of such failure as soon as possible, but in no event later than sixty minutes after the time the delivery obligation was to have been discharged in accordance with the rules and regulations of the Exchange Market and the Rules of the Clearing Corporation.
- (c) Delivery obligations of a Member to another Member which are not discharged by the Member shall thereupon be deemed an obligation of the defaulting Member to the Clearing Corporation. The defaulting Member's obligations to the Clearing Corporation must be discharged not later than sixty minutes after the time such obligations originally were required to be discharged to the non-defaulting Member.

506. Assignment of Exercises of Options.

Upon receipt of notices of intention to exercise Options cleared through the Clearing Corporation, issued by buyers in accordance with the rules and regulations of the Exchange Market, the Clearing Corporation shall assign such exercises to eligible sellers in accordance with such rules and regulations. The Clearing Corporation shall promptly notify selling Members as to the exercises assigned to them and shall furnish to buying Members the names of selling Members obligated to accept such assignments. Delivery and payment shall be made in the time and manner prescribed by the rules and regulations of the Exchange Market.

Any Option not exercised by the time and date fixed for expiration of the Option in the rules and regulations of the Exchange Market shall not be exercisable.

507. Exercise Price.

All Option exercises shall be made at the strike price of the Option. The statement of Trades and positions will reflect the offsetting of each Option that was exercised and assigned, Trades and positions in Futures Contracts resulting from the exercise and assignment of Options, and the amount of the final adjustment being the strike price marked to the Settlement Price on the date the Option were exercised.

508. Deliveries in the Event of Bankruptcy.

- (a) This Rule shall be applicable to Contracts made on or through the facilities of an Exchange Market as and to the extent such Exchange Market has in effect one or more rules (each, a "Bankruptcy Delivery Rule") adopted in accordance with Commodity Futures Trading Commission Regulation 190.05(b).
- (b) If any customer of a Member that is a debtor shall wish to make or take delivery under a Futures Contract as provided in a Bankruptcy Delivery Rule, such customer shall deliver written notification thereof to the Clearing Corporation not later than noon on the second Business Day, which Business Day must be within the current delivery period, following the date of the entry of the order for relief with respect to such debtor, whereupon such customer shall assume all of the obligations of the debtor to the Clearing Corporation and the opposite Member with respect to such Futures Contract.
 - (i) If such customer is seeking to make delivery in fulfillment of such Futures Contract, such notification shall be accompanied by:
 - (A) evidence, satisfactory to the Clearing Corporation, that the debtor, on behalf of the customer, or the customer, has presented a notice of delivery to the Clearing Corporation; and
 - (B) evidence verifying to the Clearing Corporation that the customer owns and has in its possession or under its control, such certificates, instruments, warehouse receipts or other documents

as are required pursuant to the Rules and the Bankruptcy Delivery Rule to make delivery in fulfillment of such Contract.

- (ii) If such customer is seeking to take delivery in fulfillment of such futures Contract, such notification shall be accompanied by:
 - (A) the notice of delivery which has been issued by the Clearing Corporation to the debtor and allocated by the debtor to the customer, and
 - (B) evidence verifying to the Clearing Corporation that the customer owns and has in its possession or under its control a certified check, drawn on an approved depository bank and made payable to the order of the opposite Member in the full amount payable on the delivery of the Contract.
- (c) The Clearing Corporation shall provide to the opposite Member copies of all information provided to the Clearing Corporation pursuant to paragraph (b) above, provided, however, that the Clearing Corporation shall have no responsibility to investigate or otherwise verify the accuracy, genuineness or completeness of any certificate, instrument, warehouse receipt or other document or check delivered to or by the Clearing Corporation pursuant to the Bankruptcy Delivery Rule and this Rule and shall, in no event, have any liability for the quantity or quality of the commodity or other interest delivered.

509. Cash Settlement.

After trading ceases on the last day of trading for Futures Contracts without physical delivery, the Clearing Corporation shall consider the maintenance of an open position by a Member to constitute an offer to sell to or an offer to purchase from the Clearing Corporation the specific quantity of the Futures Contract involved at the Settlement Price determined for such Futures Contract on the last day of trading in such contracts.

The Clearing Corporation shall, once trading in such Futures Contracts has terminated pursuant to the rules and regulations of the Exchange Market, consider the corresponding sales or purchases made hereunder as an adjustment of the respective Members' positions in Futures Contracts with the Clearing Corporation in the manner prescribed by these Rules.

6. MISCELLANEOUS

601. Emergencies.

- (a) The Board, upon the affirmative vote of the Governors voting at a meeting where a quorum is deemed present, may adopt an emergency resolution which shall supersede and supplant all contrary or inconsistent resolutions or Rules. Absent extraordinary circumstances, a Governor who has a substantial financial interest in the outcome of such a vote shall abstain from deliberating and voting on the matter in question.
- (b) An emergency resolution shall expire upon the happening of either of the following events: (i) the Board shall have voted to rescind the emergency resolution; or (ii) 90 days shall have elapsed since the emergency resolution was adopted.
- (c) All Trades, all accounts and positions with the Clearing Corporation, and all Members shall be subject to the exercise of these emergency powers by the Board.
- (d) As used herein, the term “emergency” shall include without limitation 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 may lawfully be declared by the Board.
- (e) Except as otherwise stated in an emergency resolution adopted hereunder, the powers exercised by the Board of Governors under this Rule shall be in addition to and not in derogation of authority granted by the Certificate of Incorporation and Bylaws to a committee or officer of the Clearing Corporation to take action as specified therein.

602. Physical Emergencies.

In the event the physical functions of the Clearing Corporation 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 breakdowns or transportation breakdowns, the Chairman, a Vice Chairman or the President of the Clearing Corporation or, in their absence, another officer of the Clearing Corporation, is authorized to take such action as he or she shall deem necessary or appropriate to deal with such emergency.

603. Force Majeure.

Notwithstanding any other provision of these Rules, the Clearing Corporation shall not be obligated to perform its obligations under these Rules or any agreement with a Member relating to Contracts, or to compensate any person for losses occasioned by any delay or failure of performance, to the extent such delay or failure is the result of acts of God, lightning, earthquake, fire, epidemic, landslide, drought, hurricane, tornado, storm,

explosion, flood, nuclear radiation, act of a public enemy or blockade, insurrection, riot or civil disturbance, strike or labor disturbance, or any other cause beyond the Clearing Corporation's reasonable control (whether or not similar to any of the foregoing).

If the Clearing Corporation shall, as a result of any of the above-described events, fail to perform any of its obligations, such failure shall be excused for a period equal to the period of delay caused by such event. In such an event, the Clearing Corporation shall give written notice thereof to the affected Market or such Member, as the case may be, as soon as it is reasonably practicable and attempt diligently to remove such condition.

604. Suspension of Rules.

The time frames fixed by these Rules, interpretations or policies of the Clearing Corporation for the doing of any act or acts may be extended, or the doing of any act or acts required by these Rules or any interpretations issued by the Clearing Corporation may be waived, and any provision of these Rules or any interpretations issued by the Clearing Corporation may be suspended by the Board of Governors or by any officer of the Clearing Corporation having a rank of Vice President or higher whenever, in the judgment of Board of Governors or such officer, such extension, waiver or suspension is necessary or expedient. Any such extension or waiver may continue in effect after the event or events giving rise thereto but shall not continue in effect for more than thirty calendar days after the date thereof unless it shall be approved by the Clearing Corporation within such period of thirty calendar days.

605. Defaults.

- (a) A Member is in default (i) who fails to meet any of the Member's obligations upon the Member's Contracts with the Clearing Corporation, (ii) who fails to deposit Margin (whether original, special or variation) or premiums within one hour after demand by the Clearing Corporation, or (iii) who is suspended or expelled by the Market or by the Clearing Corporation. Upon such default, the Clearing Corporation may cause all open Trades of such Member to be closed in the open market, transferred to any other Member, or otherwise resolved as deemed appropriate by the Clearing Corporation and any debit balance owing to the Clearing Corporation shall be immediately due and payable.
- (b) In closing, transferring or otherwise resolving the open Trades of a Member as provided in paragraph (a) of this Rule, the Clearing Corporation shall have the right:
 - (i) With respect to open Trades in a separate account of such Member provided for in Rule 312, to set off (A) any proceeds received by the Clearing Corporation from the disposition of such open Trades and any property or proceeds thereof deposited with or held by the Clearing Corporation as Margin for such account against (B) any amounts paid by the Clearing Corporation in the disposition of such open Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such account and any other amounts owed to the Clearing Corporation as a result of transactions in the account or otherwise lawfully chargeable

against the account;

- (ii) With respect to the open Trades in any other account of such Member, to set off (A) any proceeds by the Clearing Corporation from the disposition of such open Trades, any property or proceeds thereof deposited with or held by the Clearing Corporation as Margin for such account, and any other property of the Member within the possession or control of the Clearing Corporation other than property which has been identified by such Member as required to be segregated as provided for in Rule 312, against (B) any amounts paid by the Clearing Corporation in the disposition of such open Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such account, and any other obligations of the Member to the Clearing Corporation, including obligations of the Member to the Clearing Corporation remaining after the setoffs referred to in paragraph (b)(i) of this Rule, and any obligations arising from any other accounts maintained by the Member with the Clearing Corporation;
 - (iii) To cause Trades and positions held in accounts of the Member that is in Default to be offset against each other and, to the extent of any remaining imbalance, against the Trades and positions of other Members;
 - (iv) To cause Trades and positions in Contracts held in accounts of the Member that is in Default and of other Members to be settled at the Settlement Price for such Contracts, or at such other price or prices as Clearing Corporation may deem fair and reasonable in the circumstances; and
 - (v) To defer closing or otherwise settling such Trades and Contracts if, in its discretion, it determines that the closing out of some or all of the suspended Member's Trades or Contracts would not be in the best interests of Clearing Corporation or other Members, taking into account the size and nature of the positions in question, market conditions prevailing at the time, the potential market effects of such liquidating transactions as might be directed by Clearing Corporation, and such other circumstances as it deems relevant.
- (c) Notwithstanding the foregoing, the liquidation and disposition of positions, Margin and other property subject to a cross-margin, cross-netting or common banking and settlement arrangement between the Clearing Corporation and another clearing organization shall be subject to the terms of the agreement between the Clearing Corporation and such other clearing organization.

- (d) Any obligation of the Clearing Corporation to a Member arising from a Trade or from any provision of the Bylaws or these Rules shall be subject to all the terms of the Bylaws and Rules, including the setoff and other rights set forth herein. The rights of the Clearing Corporation set forth herein shall be in addition to other rights that the Clearing Corporation may have under applicable law and governmental regulations, other provisions of the Bylaws and Rules, additional agreements with the Member or any other source.

606. Fees; Fines and Charges.

- (a) Clearing fees and other charges for Clearing Corporation services shall be as fixed from time to time by the Clearing Corporation.
- (b) In addition to any authority granted by the Bylaws, the President or his authorized representative may assess fines and charges against Members, as and to the extent authorized, for the failure to comply with the Bylaws, these Rules or any other requirement of the Clearing Corporation. A Member may appeal to the Board of Governors a fine, or a charge in excess of \$500, on the grounds that such fine or charge is excessive or unreasonable. On appeal, the Board of Governors may assess a different or greater penalty.

607. Trading by Employees Prohibited.

- (a) No employee of the Clearing Corporation shall:
 - (i) trade or participate directly or indirectly in any transaction in any commodity interest, except to the extent necessary to carry out the provisions of Rule 605 or as otherwise permitted pursuant to an exemption granted in accordance with this Rule; or
 - (ii) disclose any material, non-public information obtained as a result of such Person's employment with the Clearing Corporation where the employee has or should have a reasonable expectation that the information disclosed may assist another Person in trading any commodity interest; provided, that an employee is not prohibited from making disclosures in the course of the employee's duties, or to another self-regulatory organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.
- (b) From time to time, the Clearing Corporation may adopt additional Rules which set forth circumstances under which exemptions from the trading prohibition contained in paragraph (a)(i) will be granted. The effectiveness of such rules and the procedures for administration of such rules shall be governed by applicable regulations of the Commodity Futures Trading Commission.
- (c) All terms used in this Rule shall be construed consistently with the definitions appearing in Commodity Futures Trading Commission Regulation 1.59.

608. Forms; Transmission of Data to the Clearing Corporation.

- (a) In connection with any transaction or matter handled through, with or by the Clearing Corporation under or pursuant to the Rules, the form of any required list, notice or other document shall be as from time to time prescribed by the Clearing Corporation, and additions to, changes in and elimination of any such forms may be made by the Clearing Corporation at any time in its discretion.
- (b) A Member may execute any document to be delivered to the Clearing Corporation or to any other Member pursuant to these Rules by means of a mechanically or electronically reproduced facsimile signature of a representative of the Member; provided, that the Member shall have complied with such requirements as may be prescribed by the Clearing Corporation in connection with the use of such facsimile signatures.

609. Just and Equitable Principles of Trade; Acts Detrimental to the Interest or Welfare of the Clearing Corporation.

- (a) The Clearing Corporation shall have the power to suspend or revoke clearing privileges or authorize the assessment of fines or charges against Members for engaging in conduct inconsistent with just and equitable principles of trade.
- (b) The Clearing Corporation shall have the power to suspend or revoke clearing privileges or authorize the assessment of fines or charges against Members for engaging in acts detrimental to the interest or welfare of the Clearing Corporation.

610. Death, Disappearance or Incapacity of Individual Member.

- (a) Upon the death, disappearance or incapacity (all as reasonably determined by the Clearing Corporation) of an Individual Member, the Clearing Corporation may cause all open Trades of such Member to be closed in the open market, transferred to any other Member, or otherwise resolved as deemed appropriate by the Clearing Corporation and any debit balance owing to the Clearing Corporation shall be immediately due and payable.
- (b) In closing, transferring or otherwise resolving the open Trades of an Individual Member as provided in paragraph (a), the Clearing Corporation shall have the right, with respect to any account of such Member, to set off (A) any proceeds received by the Clearing Corporation from the disposition of open Trades, any property or proceeds thereof deposited with or held by the Clearing Corporation as Margin for such account, and any other property of the Member within the possession or control of the Clearing Corporation, against (B) (i) any amounts paid by the Clearing Corporation in connection with the disposition of such open Trades, including any losses, commissions or other expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such account, and (ii) any other obligations of the Member to the Clearing Corporation.

- (c) Any obligation of the Clearing Corporation to a Member arising from a Trade or from any provision of the Bylaws or Rules shall be subject to all the terms of the Bylaws and Rules, including the setoff and other rights set forth herein and therein. The rights of the Clearing Corporation set forth in this Rule shall be in addition to other rights that the Clearing Corporation may have under applicable law and governmental regulations, other provisions of the Rules, the Bylaws, additional agreements with the Member or any other source. The Clearing Corporation shall be authorized to take all such actions under this Rule as the Clearing Corporation in its sole discretion determines is appropriate or necessary under the circumstances.

611. Construction in Accordance with Illinois Law.

The Rules of the Clearing Corporation, and all rights and obligations thereunder, shall be construed in accordance with the internal laws of the State of Illinois, without giving effect to the conflict of law provisions thereof.

7. LINKED MARKET TRANSACTIONS

[RESERVED]

8. GUARANTY FUND

[RESERVED]

9. U.S. FUTURES EXCHANGE, L.L.C.

9-101. Definitions.

Bank

For purposes of Rules 9-501 through 9-517, a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and has capital, surplus and undivided earnings in excess of \$100,000,000.

Eurex

Eurex Frankfurt AG, a German corporation.

Eurex Clearing

Eurex Clearing AG, Frankfurt, a German corporation.

EurexUS

U.S. Futures Exchange, L.L.C., a Delaware limited liability company.

Off-Order Book Trade

A trade in Contracts subject to the rules of EurexUS that is matched bilaterally between two Member Firms outside the EurexUS central order book or is generated by EurexUS on behalf of Member Firms, such as exchanges of futures for physicals (basis trades), exchanges of futures for swaps, block trades, strategy trades, volatility trades, and reverse trades (canceling erroneous trades), but not including a Post-Trade Transaction.

On-Order Book Trade

A trade that is matched in the central order book of EurexUS.

Post-Trade Transaction

Transfers of positions between Members, give-ups, split-ups and such other trade and position management and similar instructions as may be authorized from time to time by the Clearing Corporation.

Range

A range, not greater than the highest trade price or less than the lowest trade price in the relevant Contract traded on EurexUS on the same Trading Day, in either case as increased or decreased by the amount(s) set forth in the rules of EurexUS.

Trading Day

The trading day as determined by EurexUS from time to time.

9-202. Application for Membership.

- (a) Persons desiring to clear Trades through the Clearing Corporation shall make application in such form as shall be prescribed by the Clearing Corporation. Each applicant must agree to abide by the Certificate of Incorporation, Bylaws, Rules, interpretations and policies of the Clearing Corporation, and the rules of EurexUS, as in effect from time to time. An applicant for membership shall be conclusively deemed to have agreed to have no recourse against the Clearing Corporation in the event that its application for membership is rejected.
- (b) Notwithstanding a sale or transfer of membership, a Person qualified as a Member agrees to be responsible for any violation of the Bylaws, Rules, interpretations and policies of the Clearing Corporation committed by such Person while a Member and agrees to have any disputes which arise while a Member which relate to or arise out of any transaction with the Clearing Corporation or membership in the Clearing Corporation resolved in accordance with the Bylaws and Rules.

9-310 Acceptance of Trades by Clearing Corporation

In the case of all On-Order Book Trades, and Off-Order Book Trades falling within the Range, acceptance of the Trade occurs upon trade matching by the EurexUS trading system. In the case of Off-Order Book Trades falling outside the Range and all Post-Trade Transactions, acceptance shall occur upon receipt of all payments and deposits required to be made pursuant to these Rules by the Members who are parties to such Trades and Transactions.

9-404. Settlement Price

- (a) Except as otherwise provided in this Rule, the Settlement Price for each open Contract shall be determined as follows:
 - (i) Except for Contracts using the EurexUS trading system that have a closing auction period, the Settlement Price shall be the price recommended for such Contract daily by EurexUS determined in accordance with the rules of EurexUS.
 - (ii) If a Contract using the EurexUS trading system has a closing auction period, the Settlement Price shall be the closing price determined in accordance with the rules of EurexUS.

- (b) Notwithstanding the foregoing, when deemed necessary by the Clearing Corporation in order to protect the respective interests of the Clearing Corporation and Members, the Clearing Corporation may establish the Settlement Price for any Contract at a price deemed appropriate by the Clearing Corporation under the circumstances. When the Clearing Corporation determines that circumstances necessitate the application of this paragraph, the reasons for that determination and the basis for the establishment of the Settlement Price in such circumstances shall be recorded.
- (c) In carrying out the responsibilities under this Rule, the Clearing Corporation may consult, as appropriate, with one or more Markets and may consider all relevant market information.

9-501. Delivery Notices.

A seller obligated or desiring to make delivery of a Commodity shall issue and deliver to the Clearing Corporation a delivery notice containing the name and business address of the issuer of such notice; 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 Clearing Corporation shall direct in regard to any particular Commodity.

Delivery notices shall be furnished to the Clearing Corporation electronically in such form as may be specified by the Clearing Corporation. The Clearing Corporation shall assign deliveries to Members (buyers) having Contracts to take delivery, for their own account or for one or more customers, of the same or lesser amount of the same Commodity. The Clearing Corporation shall notify such Members of the deliveries which have been assigned to them and shall furnish to issuers of delivery notices the names of Members obligated to accept their deliveries. Members receiving delivery notices shall assign delivery to the oldest open contracts on their books at the close of business on the previous day.

Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing Corporation shall furnish to each issuer the names of the buyers obligated to accept delivery from such Member 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 the business day preceding the intended date of delivery 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.

9-502. Purchases and Sales for Physical Delivery.

Issuance of a notice of intention to deliver by a Member to the Clearing Corporation shall constitute an offer by such Member to sell to the Clearing Corporation the specified quantity of the Commodity involved, at the delivery price, and to purchase from the Clearing Corporation the same quantity of the same Commodity at the same price. Acceptance of such notice by the Clearing Corporation shall constitute its acceptance of the Member's

offer to sell and repurchase. Such acceptance is effective at the time delivery is required to be made according to the Rules of the Clearing Corporation.

Assignment of delivery to a Member by the Clearing Corporation shall constitute an offer of the Clearing Corporation to sell to such Member the specified quantity of the Commodity involved, at the delivery price, and to purchase from such Member the same quantity of the same Commodity at the same price. Acceptance of such assignment of delivery by such Member shall constitute his acceptance of the Clearing Corporation's offer to sell and repurchase. Such acceptance is effective at the time delivery is required to be made according to the Rules of the Clearing Corporation.

The Clearing Corporation shall, at the time delivery is required to be made, consider the corresponding sales to such assigned buyers made hereunder as having been settled and shall apply the opposing repurchase made hereunder as an adjustment of the respective Members' futures positions with the Clearing Corporation in the manner prescribed by these Rules.

9-504 Posting of Deliveries.

During each delivery month, the Clearing Corporation shall cause to be posted, not later than the Business Day following the filing of notices of intention to deliver, the name of each Member issuing notices of intention to deliver on Futures Contracts and the total amount of each Commodity tendered by such Member for delivery together with the name of each Member accepting assignment of deliveries and the total amount of each Commodity assigned to such Member.

9-505. Settlements on Defaulted Deliveries.

- (a) If a Member fails to fulfill its delivery obligations as prescribed in these Rules, the Clearing Corporation's sole obligation shall be to pay reasonable damages proximately caused by the Default, but in no event shall the Clearing Corporation be obligated to: (i) pay any damages greater than the difference of the delivery price of the specific Commodity and the reasonable market price of such Commodity at the time delivery is required to be made in accordance with the rules and regulations of the Exchange Market and the Rules of the Clearing Corporation; (ii) make or accept delivery of the actual Commodity; (iii) pay any damages relating to the accuracy, genuineness, completeness, or acceptability of certificates, instruments, warehouse receipts or other similar documents; or (iv) pay any damages relating to the failure or insolvency of banks, custodians, escrow agents, depositories, warehouses, or similar entities that may be involved with a delivery.
- (b) Notwithstanding any provision of these Rules, the Clearing Corporation has no obligation or liability to any Member or any other Person relating to a failure to fulfill a delivery obligation unless it is notified by the non-defaulting Member of such failure as soon as possible, but in no event later than sixty minutes after the time the delivery obligation was to have been discharged in accordance with the rules and regulations of the Exchange Market and the Rules of the Clearing Corporation.

- (c) Delivery obligations of a Member to another Member which are not discharged by the Member shall thereupon be deemed an obligation of the defaulting Member to the Clearing Corporation. The defaulting Member's obligations to the Clearing Corporation must be discharged not later than sixty minutes after the time such obligations originally were required to be discharged to the non-defaulting Member.
- (d) If a buying Member fails to effect payment to its assigned seller by the 1:00 p.m. payment deadline, the selling Member must immediately notify the Clearing Corporation. The Clearing Corporation will then determine, in its sole discretion, whether the failure of the buying Member to effect payment constitutes a technical default that can be remedied or whether the buyer's failure to effect payment constitutes a delivery default. If the Clearing Corporation determines that the failure was caused by a technical default (including a bank instruction error or failure of the Federal Reserve wire), the buyer will be allowed to make payment subsequent to the 1:00 p.m. payment deadline. If the Clearing Corporation determines that the failure constitutes a delivery default, the Clearing Corporation will instruct the selling Member to sell the invoiced securities in the cash market as soon as reasonably practicable. The defaulting buying Member will be liable to its assigned seller for the amount that the reasonable sale price of the invoiced securities (including costs) is less than the original invoiced amount.

If a selling Member fails to effect delivery to its assigned buyer by the 1:00 p.m. delivery deadline, the long must immediately notify the Clearing Corporation. The Clearing Corporation will then determine, in its sole discretion, whether the seller's failure to effect delivery constitutes a technical default that can be remedied or whether the seller's failure to effect delivery constitutes a delivery default. If the Clearing Corporation determines that the failure was caused by a technical default (including a bank instruction error or Failure of the Federal Reserve wire) the seller will be allowed to make delivery subsequent to the 1:00 p.m. delivery deadline. If the Clearing Corporation determines that the failure constitutes a delivery default, the Clearing Corporation will instruct the buyer to purchase substitute deliverable securities as soon as reasonably practicable. The defaulting selling Member will be liable to its assigned buyer for the reasonable damages incurred by the buyer (including costs) relating to the purchase of the substitute securities.

The Clearing Corporation's delivery guaranty to a non-defaulting buying or selling Member shall in all cases be subject to the provisions of Rule 9-505(a) and Part 8 hereof.

Any dispute for damages relating to a delivery default will be resolved between the applicable buying and selling Members pursuant to binding arbitration before the National Futures Association ("NFA"). Failure by a Member to comply with the NFA's resolution may subject such Member to charges or result in the suspension of the Member's clearing privileges at the Clearing Corporation, or both.

9-510. Report of Eligibility to Receive Delivery.

Prior to 8:00 p.m. (or by such other time designated by the Clearing Corporation) of each day on which delivery notices may be delivered to the Clearing Corporation, each Member shall report to the Clearing Corporation, at such times and in such manner as shall be prescribed by the Clearing Corporation, the amounts of its purchases of Commodities then eligible for delivery which remain open on its books in accordance with these Rules. Such reports shall show the dates on which such purchases were made, and shall exclude purchases to which the 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.

9-511. Payment.

Payment shall be made in Federal Funds. The buying Member 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 Corporation shall be made with the Clearing Corporation.

9-512. Buyers Banking Notification.

The buying Member shall provide the selling Member by 4:00 p.m. one business day prior to delivery day with notice, in such form as the Clearing Corporation may prescribe from time to time, setting forth the following information: the identification number and name of the buying Member; the delivery date; the notification number of the delivery assignment; the identification number and name of the selling Member making delivery; the quantity of the contract being delivered; the buying Member's Bank, account number and specific Federal Reserve wire instructions for the transfer of securities.

9-513. Standards.

The contract grade for delivery on Futures Contracts made under these Rules shall be as set forth in the rules of EurexUS.

9-514. Deliveries on Futures Contracts.

Deliveries against U.S. Treasury securities Futures Contracts shall be by book-entry transfer between accounts of Members at Banks 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 Clearing Corporation by 8:00 p.m., or by such other time designated by the Clearing Corporation, on the second business day preceding the delivery day. If the buying Member does not agree with the terms of the invoice received from the selling Member, the buying Member must notify the selling Member, and the dispute must be settled by 9:30 a.m. on the delivery day. The selling Member must have contract grade U.S. Treasury securities in place at its Bank in a form acceptable to its Bank for delivery no later than 10:00 a.m. on the delivery day. The

selling Member must notify its Bank to transfer contract grade U.S. Treasury securities by book-entry to the buying Member's account at the buying Member's Bank on a delivery versus payment basis. On the delivery day, the buying Member shall make funds available by 7:30 a.m. and notify its Bank to accept contract grade U.S. Treasury contracts and to remit Federal Funds to the selling Member's account at the selling Member's Bank in payment for delivery therefor. Contract grade U.S. Treasury securities must be transferred and payment must be made before 1:00 p.m. on the delivery day. All deliveries shall be assigned by the Clearing Corporation. Where 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.

9-515. Wire Failure.

If delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the buying Member's Bank's or the selling Member's Bank's 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 buyer beginning on the day on which the bonds were to be originally delivered and be paid by the seller. In the event of such failure, both the buyer and seller must provide documented evidence that the instructions were given to their respective Banks in accordance with Rules 9-511 and 9-514 and that all other provisions of Rules 9-511 and 9-514 have been complied with.

9-516. Date of Delivery.

Delivery of U.S. Treasury securities may be made by the selling Member upon any permissible delivery day of the delivery month the seller may select. Delivery of U.S. Treasury securities must be made no later than the last business day of the delivery month.

9-517. Seller's Invoice to Buyers.

Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing Corporation shall promptly furnish each issuer the names of the buyers obligated to accept delivery from such issuer and a description of each Commodity tendered by him which was assigned by the Clearing Corporation 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 Corporation, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing Corporation by 2:00 p.m., or by such other time designated by the Clearing Corporation, on the business day preceding the intended date of delivery, except on the next-to-last business day of the month, where such invoices shall be delivered to the Clearing Corporation by 3:00 p.m., or by such other time as may be designated by the Clearing Corporation. Upon receipt of such invoices, the Clearing Corporation shall promptly make them available to buyers in the manner determined by the Clearing Corporation from time to time.

Rules of the Board of Trade Clearing Corporation

1. INTERPRETATION

101. Definitions.

Board; Board of Governors

The Board of Governors of the Clearing Corporation.

Business Day

Any day (other than Saturdays, Sundays and holidays observed by the Clearing Corporation) on which the Clearing Corporation is open for business.

Bylaws

The Bylaws of the Clearing Corporation, as in effect from time to time.

Certificate of Incorporation

The Restated Certificate of Incorporation of the Clearing Corporation, as amended from time to time.

Commodities

All goods, articles, services, rights and interests in which Exchange Contracts are dealt in.

Clearing Corporation

The Board of Trade Clearing Corporation.

Contracts

Exchange Contracts and OTC Contracts.

Default

Any event that would constitute a default under Rule 605.

Exchange Contract

A Futures Contract, Option on a Futures Contract or Option on a commodity that is dealt in on **or subject to the rules of** an Exchange Market and submitted to the Clearing Corporation for clearance in accordance with these Rules.

Exchange Market

An exchange or market that has been designated by or registered with the Commodity Futures Trading Commission as a contract market or derivatives transaction execution facility, is party to an agreement with the

Clearing Corporation for the provision of clearing services, and is specifically identified in these Rules as an Exchange Market.

... **Interpretations and Policies:**

.01 The following exchanges and markets are Exchange Markets in respect of the following Exchange Contracts: ~~—(a) Board of Trade of the City of Chicago, Inc., with respect to all Futures Contracts and Options listed for trading thereon.—(b) Merchants' Exchange LLC~~

(a) U.S. Futures Exchange, L.L.C., with respect to (i) 30-year Treasury Bond Futures, (ii) 10-year Treasury Note Futures, (iii) 5-year Treasury Note Futures, (iv) 2-year Treasury Note Futures, (v) Options on 30-year Treasury Bond Futures, (vi) Options on 10-year Treasury Note Futures, (vii) Options on 5-year Treasury Note Futures, and (viii) Options on 2-year Treasury Note Futures, as set forth more fully in Chapter 9.

(b) Board of Trade of the City of Chicago, Inc., with respect to (i) Cash-Settled Brent Crude Oil Futures, (ii) Cash-Settled European Gas Oil Futures, (iii) Cash-Settled Light "Sweet" Crude Oil Futures, (iv) Cash-Settled Natural Gas Futures, (v) Cash-Settled No. 2 Heating Oil (New York Harbor Delivery) Futures, (vi) Cash-Settled Unleaded Gasoline (New York Harbor Delivery) Futures, (vii) Barge Freight Futures on the Illinois Waterway, and (viii) Barge Freight Futures on St. Louis Harbor ("ME Contracts"), as set forth more fully in Chapter 8 Futures Contracts and Options on Corn, Futures Contracts on mini-sized Corn, Futures Contracts and Options on Soybeans, Futures Contracts on mini-sized Soybeans, Futures Contracts and Options on Wheat, Futures Contracts on mini-sized Wheat, Futures Contracts and Options on Oats, Futures Contracts and Options on Rough Rice, Futures Contracts and Options on Soybean Oil, Futures Contracts and Options on Soybean Meal, Futures Contracts and Options on 5-Year Interest Rate Swap, Futures Contracts and Options on 10-Year Interest Rate Swap, Futures Contracts on 10-Year Municipal Note Index, Futures Contracts and Options on 30-Day Federal Funds, Futures Contracts and Options on the Dow Jones Industrial Average Index, Futures Contracts on the Dow Jones-AIG Commodity Index, and Futures Contracts on the mini-sized Dow (\$5 Multiplier), but only through and including November 24, 2003; and (ii) Futures Contracts and Options (standard and flex) on U.S. Treasury Bonds, Futures Contracts on mini-sized U.S. Treasury Bonds, Futures Contracts and Options (standard and flex) on Long-Term U.S. Treasury Notes (6½ - 10 Year), Futures Contracts on mini-sized Long-Term U.S. Treasury Notes, Futures Contracts and Options (standard and flex) on Medium-Term U.S. Treasury Notes (5 Year), Futures Contracts and Options (standard and flex) on Short-Term U.S. Treasury Notes (2 Year), Futures Contracts and Options on Long-Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes, Futures Contracts and Options on Medium-Term Fannie Mae Benchmark Notes and Freddie Mac Reference Notes, Futures Contracts on mini-sized New York Silver, Future Contracts on mini-sized New York Gold, and Futures Contracts on mini-sized Three-Month Eurodollar Time Deposits, but only through and including January 2, 2004.

Final Settlement

With respect to a Member that has open Trades or positions in Contracts at the close of trading on the Last Trading Day, the issuance of instructions by the Clearing Corporation to such Member's settlement bank to debit or credit the Member's variation settlement account on the next Business Day and the acceptance thereof by such settlement bank.

Futures Contracts

Contracts for the purchase or sale of a Commodity for future delivery dealt in pursuant to the rules of an Exchange Market.

Last Trading Day

The final day of trading in a Contract, as set forth in the rules of the relevant Market or in these Rules.

Margin

Original Margin (including super and special margin), Option premiums and variation settlements paid or payable by or to a Member to or by the Clearing Corporation.

Markets

Exchange Markets and OTC Markets.

Member

An Individual Member or Member Firm admitted to membership in the Clearing Corporation. As used in these Rules, the term "Individual Member" shall mean a sole proprietor or the sole owner, if any, of a Member Firm.

Member Firm

A Member organized and doing business as a corporation, partnership, limited liability company or other form of organization authorized by the Clearing Corporation.

Option

An Option on a Futures Contract or Option on a Commodity, dealt in pursuant to the rules of an Exchange Market.

OTC Contract

An agreement, contract, or transaction that is specifically identified in these Rules as an OTC Contract and submitted to the Clearing Corporation in accordance with these Rules and that is: (i) (A) an interest rate swap, option, or forward agreement, including a rate floor, rate cap, rate collar, cross-currency rate swap, basis swap, or forward rate agreement; (B) a same day-tomorrow, tomorrow-next, forward, or other foreign exchange or precious metals agreement; a currency swap, option, or forward agreement; (C) an equity index or equity swap; (D) a debt index or debt swap; (E) a credit spread or credit swap, option, or forward agreement; (F) a commodity index or commodity swap, option, or forward agreement; or (G) a weather swap, weather derivative, or weather option; (ii) similar to any other agreement, contract, or transaction referred to above that is a forward, swap, or option on one or more occurrences of any event, rates, currencies, commodities, economic or other indices or measures of economic or other risk or value; (iii) excluded from the Commodity Exchange Act under section 2(c), 2(d), 2(f), or 2(g) of such Act, or exempted under section 2(h) or 4(c) of such Act; or (iv) an option to enter into any, or any combination of, agreements, contracts or transactions referred to herein.

OTC Market

A market that is party to an agreement with the Clearing Corporation for the provision of clearing services and that is specifically identified in these Rules as an OTC Market.

Person

An individual, sole proprietorship, partnership, limited liability company, association, firm, trust, corporation or other entity, as the context may require.

President

The President of the Clearing Corporation.

Rule

References to a "Rule" or "Rules" are references to the Rules of the Clearing Corporation.

Settlement Price

The price, established in accordance with Rule 404, for each open Contract.

Trades

Transactions in Contracts.

Transfer Trades

With respect to Exchange Contracts, transactions commonly referred to as give-ups, office transfers, exchanges of futures for physicals or exchanges of futures for swaps, as well as such other transactions in Exchange Contracts as may be defined as Transfer Trades by the Clearing Corporation. With respect to OTC Contracts, transactions in OTC Contracts that are defined as Transfer Trades by the Clearing Corporation.

102. Scope and Interpretation.

- (a) The Rules set forth herein are applicable only to Trades and related obligations arising out of Exchange Contracts and OTC Contracts, and supplement the Bylaws of the Clearing Corporation in their application to such Trades and obligations. In the event of a conflict between these Rules and the Bylaws of the Clearing Corporation, these Rules will prevail. In the event of a conflict between these Rules generally and Rules adopted by the Clearing Corporation specifically governing Trades and related obligations made on a particular Market or particular types of transactions, the Rules specifically governing such Trades, obligations or transactions will prevail. More particularly:
 - (i) The Rules in Chapters 1 - 7 ~~8~~ are supplemented for specific Contracts and Markets by the Rules in Chapters 8 ~~9~~ *et seq.* (Thus, for example, the definitions in Rule 101 are supplemented, for purposes of Chapter 8 ~~9~~, by the additional definitions in Rule 8 ~~9~~-101.)
 - (ii) Where the numbering of a Rule in Chapters 8 ~~9~~ *et seq.* corresponds to that of a Rule in Chapters 1 - 7 ~~8~~, the Rule in Chapters 1 - 7 ~~8~~ is superseded to the extent applicable by the correspondingly numbered Rule in Chapter 8 ~~9~~ *et seq.* (Thus, for example, references in Chapter 8 ~~9~~ to the term "Settlement Price" mean the Settlement Price established in accordance with Rule 8 ~~9~~-404.)
 - (iii) Where a Rule in Chapter 8 ~~9~~ *et seq.* is "[Reserved]," the correspondingly numbered Rule in Chapters 1 - 7 ~~8~~ is made expressly inapplicable to the Markets and Contracts that are the subject of the Rules in that Chapter.
- (b) In these Rules, unless a clear contrary intention appears, (a) the singular number includes the plural number and vice versa, (b) reference to the masculine, feminine or neuter gender includes each other gender, (c) any reference to a number of days shall mean calendar days unless Business Days are specified, and (d) any reference to times shall mean the time in Chicago, Illinois. Except as otherwise specifically provided in these Rules, an act that otherwise would be required or permitted by these Rules to be performed on a date that is not a Business Day may be performed on the next day that is a Business Day.

2. MEMBERSHIP

201. Qualifications of Members.

- (a) The Clearing Corporation shall have the sole power to determine whether any applicant for membership, or any existing Member, satisfies the qualifications for membership established by the Clearing Corporation. Only persons found by the Corporation to be so qualified shall be permitted to be Members. For the purpose of determining whether any applicant or Member is thus qualified, the Clearing Corporation may establish minimum capital and other financial requirements for Members, examine the books and records of any applicant or Member, and may take such other steps as it may deem necessary to ascertain the facts bearing upon the question of qualification.
- (b) In order to justify the Clearing Corporation assuming the risk of clearing their Trades, Members must meet and maintain such standards of business integrity, financial capacity, creditworthiness, operational capability, experience and competence as may be established by the Clearing Corporation from time to time. Without limitation of the foregoing, no applicant shall be admitted to membership unless:
 - (i) It meets, at the time of admission and maintains thereafter, such minimum capital requirements as may be established from time to time by the Clearing Corporation.
 - (ii) It has established satisfactory relationships with, and has designated to the Clearing Corporation, an approved settlement bank for confirmation and payment of all Margins and settlements with the Clearing Corporation.
 - (iii) It maintains back-office facilities staffed with experienced and competent personnel or has entered into a facilities management agreement in form and substance acceptable to the Clearing Corporation.
 - (iv) It files in a timely manner all reports and information relating to the Member, Persons controlling the Member, and related or affiliated organizations as required by these Rules or otherwise required by the Clearing Corporation.

202. Application for Membership.

- (a) Persons desiring to clear Trades through the Clearing Corporation shall make application in such form as shall be prescribed by the Clearing Corporation. Each applicant must agree to abide by the Certificate of Incorporation, Bylaws, Rules, interpretations and policies of the Clearing Corporation as in effect from time to time. An applicant for membership shall be conclusively deemed to have agreed to have no recourse against the Clearing Corporation ~~(except as provided in Section 8c of the Commodity Exchange Act)~~ in the event that its application for membership is rejected.
- (b) Notwithstanding a sale or transfer of membership, a Person qualified as a Member agrees to be responsible for any violation of the Bylaws, Rules, interpretations and policies of the Clearing Corporation committed by such Person while a Member and agrees to have any disputes which arise while a Member which relate to or arise out of any transaction with the Clearing Corporation or membership in the Clearing Corporation resolved in accordance with the Bylaws and Rules.

203. Restriction on Activity.

The failure to continue to comply with the conditions of the Bylaws and Rules may subject a Member to a suspension or revocation of clearing privileges. In addition, or in the alternative, and in either case in its sole discretion, the Clearing Corporation shall be authorized: (a) to impose such additional capital, Margin or other requirements as it shall deem appropriate for the protection of the Clearing Corporation and its Members; (b) to allow such Member to submit Trades solely for the Member's own account; (c) to allow such Member to

submit Trades for liquidation only; (d) to limit or restrict the type of Contracts that may be cleared by such Member in any of its accounts with the Clearing Corporation; or (e) to limit or restrict the number of Contracts that are permitted to be maintained by such Member in any of its accounts with the Clearing Corporation.

204. Financial Statements of Members.

Each Member shall submit statements of its financial condition at such times and in such manner as shall be prescribed from time to time.

205. Parent Guarantee.

- (a) A Member that is organized as a corporation, the majority of whose outstanding capital stock is owned or controlled by another corporation or by a partnership or limited liability company, shall be approved for the clearing of Contracts only if its controlling parent organization or individuals with a significant ownership interest guarantee the member's obligations relating to Contracts. For purposes of this paragraph, stock of a corporate applicant or Member which is owned or controlled by an officer, stockholder, or partner of another organization will be considered owned or controlled by such other organization. The Clearing Corporation may, for good cause shown, waive this provision.
- (b) A partnership whose partners include one or more other partnerships, corporations or limited liability companies shall be approved for the clearing of Contracts only if all of its partners are general partners. The Clearing Corporation may, for good cause shown, waive this provision.
- (c) A limited liability company, the majority of whose membership interests are owned or controlled by another limited liability company or by a corporation or partnership, shall be approved for the clearing of Contracts only if its controlling parent organization or individuals with a significant ownership interest guarantee the Member's obligations relating to Contracts. For purposes of this paragraph, membership interests which are owned or controlled by a manager, managing member, an officer, shareholder or partner of another organization will be considered owned or controlled by such other organization. The Clearing Corporation may, for good cause shown, waive this provision.

. . . Interpretations and Policies:

- .01 The guarantee of a Member's obligations required by this Rule shall, unless otherwise provided in particular cases, be applicable only to Trades made for a proprietary account (as such term is defined in Commodity Futures Trading Commission Regulation 1.3(y)) or other non-customer accounts of the Member.

206. Common Owner Guarantee.

- (d) No more than one Member shall be owned or controlled, directly or indirectly, by the same Person unless:
 - (i) Each such Member consents to the use by the Clearing Corporation of any and all assets of the Member in the possession of the Clearing Corporation or under its control to satisfy the obligations of all such commonly owned or controlled Member to the Clearing Corporation;
 - (ii) Each such Member guarantees to the Clearing Corporation all obligations of all such commonly owned or controlled Members, including, without limitation, obligations arising out of house and customer account positions maintained by the Clearing Corporation; and

- (iii) Each such Member irrevocably consents to its immediate suspension or expulsion from membership in the Clearing Corporation should it fail timely and fully to honor its guarantee of the obligations of such commonly owned or controlled Members or should such a commonly owned or controlled Member fail to honor its guarantee of such Member.
- (e) The Clearing Corporation may grant exemptions from the requirements of this Rule 206 for good cause shown if it determines that such exemptions will not jeopardize the financial integrity of the Clearing Corporation.

207. Notices Required of Members.

- (a) Each Member shall immediately notify the Clearing Corporation, orally and in writing, of:
 - (i) Any material adverse change in the Member's financial condition including, but not limited to, a decline in net capital or, with respect to Members that are not registered with the Commodity Futures Trading Commission as futures commission merchants, net worth equal of 20% or more, or if such Member knows or has reason to believe that its adjusted net capital has fallen below the Clearing Corporation's minimum capital requirements;
 - (ii) Any proposed material reduction (and, in all cases, if the reduction is 30% or more) in the Member's operating capital, including the incurrence of a contingent liability which would materially affect the Member's capital or other representations contained in the latest financial statement submitted to the Clearing Corporation should such liability become fixed; provided, that any such reduction in operating capital shall not be effected by the Member if the Clearing Corporation specifically objects thereto, in writing, within thirty days after receipt of written notice thereof;
 - (iii) Any refusal of admission to, withdrawal of any application for membership in, any suspension, expulsion, bar, fine, censure, denial of membership, registration or license, withdrawal of any application for registration, cease and desist order, temporary or permanent injunction, denial of trading privileges, or any other sanction or discipline through an adverse determination, voluntary settlement or otherwise, by the Commodity Futures Trading Commission, the Securities and Exchange Commission, any commodity or securities exchange, clearing organization, the National Futures Association, the National Association of Securities Dealers, any self-regulatory organization or other business or professional association;
 - (iv) The imposition of any restriction or limitation on the business conducted by the Member on or with any securities or futures clearing organization or exchange (including, without limitation, any contract market, derivatives transaction facility, exempt board of trade or other trading facility), other than restrictions or limitations imposed generally on all members of or participants in such clearing organization or exchange;
 - (v) Any failure by such Member, or any guarantor or commonly owned or controlled Member (as provided in Rules 205 and 206) to perform any of its material contracts, obligations or agreements;
 - (vi) Any determination that it, or any guarantor or commonly owned or controlled Member (as provided in Rules 205 and 206), will be unable to perform any of its material contracts, obligations or agreements;
 - (vii) The insolvency of such Member, or of any guarantor or commonly owned or controlled Member (as provided in Rules 205 and 206);

- (viii) The institution of any proceeding by or against the Member, any affiliate of the Member, or any Person with an ownership interest of greater than 5% in the Member, under any provision of the bankruptcy laws of the United States, or under the Securities Investor Protection Act **of 1970**, any other statute or equitable power of a court of like nature or purpose, in which such Member or Person is designated as the bankrupt, debtor or equivalent, or a receiver is appointed or if a receiver, trustee or similar official is appointed for the Member, such Person, or its or their property;
 - (ix) The receipt by such Member, or the filing by such Member with a self-regulatory organization, of a notice of material inadequacy; and
 - (x) The receipt by such Member from its independent auditors of an audit opinion that is not unqualified.
- (b) Each Member shall promptly provide written notice to the Clearing Corporation of:
- (i) Any changes in its name, business address, its telephone or facsimile number, electronic mail address, or any number or access code for any electronic communication device used by it to communicate with the Clearing Corporation;
 - (ii) Any proposed change in the organizational or ownership structure or management of a Member Firm; and
 - (iii) Any transfer, offer to transfer, or termination of an Exchange Market membership, where such membership has been designated under the rules of such Exchange Market for the benefit of the Member.

... **Interpretations and Policies:**

- .01 As used in paragraph (a)(i), the term "net capital" means; **the greatest of: (a) the minimum net capital requirement established by the Clearing Corporation for such Member; (b)** with respect to a Member that is a registered futures commission merchant, adjusted net capital as provided in Commodity Futures Trading Commission Regulation 1.17; and, **(c)** with respect to a Member that is a registered broker-dealer, excess adjusted net capital as provided in Securities and Exchange Commission Regulation 15c3-1.

208. Exchange Membership.

The Clearing Corporation may decline or restrict the ability of a Member to clear Trades made on any Exchange where such Member is not admitted to the privileges of membership or is not approved by such Exchange Market to clear Trades made on or subject to the rules of such Exchange Market.

209. Termination of Membership.

- (a) Upon the occurrence of a Termination Event (as defined herein), the Clearing Corporation may, in its sole discretion, impose limitations, conditions and restrictions upon a Member or terminate the status of the Member. In such circumstances, the Clearing Corporation may, in its sole discretion, (i) decline to accept new Trades, (ii) cause open Contracts to be transferred to another clearing organization designated by the Market, with such security against claims and liabilities as the Clearing Corporation shall deem necessary for its protection, (iii) permit Trades to be tendered for liquidation only, (iv) cause open Contracts to be settled in cash or liquidated in the open market, and (v) otherwise take or omit to take such actions, or any combination thereof, as it deems necessary or appropriate in the circumstances.
- (b) As used herein, "Termination Event" shall mean the occurrence of any of the following:

- (i) The expiration or termination of the agreement for clearing services between the Clearing Corporation and the relevant Market;
- (ii) The expiration or termination of the agreement between the Member and the Clearing Corporation;
- (iii) A representation or warranty made by the Member to the Clearing Corporation under or in connection with any agreement between the Clearing Corporation and the Member shall be false or misleading in any material respect as of the date on which made;
- (iv) The breach by the Member of the Rules or any of the terms or provisions of any agreement between the Clearing Corporation and the Member which is not remedied promptly after notice from the Clearing Corporation; or
- (v) The Member shall be in Default.

3. CLEARING OF CONTRACTS

301. Effect of Clearance.

Trades submitted for clearance by or for the account of a Member shall be submitted to the Clearing Corporation as required by the Rules and the rules of the Market, and if the Clearing Corporation accepts the same, as provided in Rule 310, the buying Member shall be deemed to have bought such Contract from the Clearing Corporation and the selling Member shall be deemed to have sold such Contract to the Clearing Corporation. Upon such substitution, such buyers and sellers shall be released from their obligations to each other, and the Clearing Corporation shall be deemed to have succeeded to all the rights, and to have assumed all the obligations, of the original parties to such contracts.

302. Tender of Trades.

The filing of a Trade confirmation by or on behalf of a Member, as hereinafter provided, shall be deemed a tender to the Clearing Corporation for clearance of the Trade listed on such confirmation. These Rules shall constitute part of the terms of each Contract tendered to the Clearing Corporation.

303. Adjustments.

- (a) Where a Futures Contract is cleared and the contract price is less than the Settlement Price of the day, the selling Member shall pay to the Clearing Corporation and the buying Member shall receive from the Clearing Corporation the difference between the value of the Futures Contract based upon the Settlement Price of the day and the contract price. In like manner, if the contract price of a Futures Contract is more than the Settlement Price of the day, the buying Member shall pay to the Clearing Corporation, and the selling Member shall receive from the Clearing Corporation, the difference between the value of the Futures Contract based upon the Settlement Price of the day and the Contract price.
- (b) Such payments shall be at the time and in the manner prescribed by the Clearing Corporation. Thereupon, the selling Member shall be deemed to have sold such Futures Contract to the Clearing Corporation, and the buying Member shall be deemed to have bought such Futures Contract from the Clearing Corporation, in each case at the Settlement Price of the day. Thereafter, from day to day, to the extent such transaction remains open, similar payments shall be made to bring the Trade to the Settlement Price of that day, and after such payments have been made, the buying Participant shall be deemed to have bought, and the selling Participant shall be deemed to have sold, such Futures Contract to the Clearing Corporation at the Settlement Price of such day.

304. Offsets.

Where, as the result of substitution under Rule 301, a Member has bought from the Clearing Corporation any amount of a given Futures Contract for a particular delivery, and subsequently, and prior to such delivery, such Member sells to the Clearing Corporation any amount of the same Futures Contract for the same delivery, the second transaction shall be deemed pro tanto a settlement or adjustment of the prior transaction, except as provided in Rule 311, and except with respect to Options. In like manner, where a Member sells to the Clearing Corporation any amount of a given Futures Contract for a particular delivery, and subsequently, and before delivery, such Member buys any amount of the same Futures Contract for the same delivery, the second transaction shall be deemed pro tanto a settlement or adjustment of the prior transaction, except as provided in Rule 311, and except with respect to Options. Thereupon, such Member shall become liable to pay the loss or entitled to collect the profit, as the case may be, upon such adjusted transactions, and shall be under no further liability to receive or make delivery with respect thereto. For purposes of this Rule, the first Trades made shall be deemed the first Trades offset.

305. Trade Confirmations.

Each Business Day, the exact hours as from time to time fixed by the Clearing Corporation, Members shall file with the Clearing Corporation confirmations, in the manner prescribed by the Clearing Corporation (which, in the case of electronic trading systems that submit matched trades to the Clearing Corporation, shall be satisfied by confirming reports automatically generated by such system that contain the information set forth herein), covering Trades made during the day (including scratch Trades) showing for each Trade ~~(a) the~~ **(a) the** identity of both Members, ~~(b) whether~~ **(b) whether** bought or sold, ~~(c) the~~ **(c) the** quantity involved, ~~(d) the~~ **(d) the** delivery month, ~~(e) the~~ **(e) the** Contract expiration and series involved, (f) the price and/or premium, (g) whether for house, customer, non-customer or floor trader account, and (h) such other information as may be required by the Clearing Corporation to effect the matching of Trades between the buyer and the seller.

306. Disagreement in Trade Confirmations.

If a Trade confirmation of any Member shall not correspond in all material respects with the confirmation of the other party to such Trade, the Clearing Corporation may reject such Trade and notify both Members, setting forth the basis of such objection.

307. Statement of Trades and Positions.

The Clearing Corporation shall make available to a Member a statement of Trades and positions for each Business Day on which such Member has Trades to be cleared or a position open with the Clearing Corporation. Such statement shall show the amounts the Member shall pay to or receive from the Clearing Corporation under Rule 303 and the amount of premium the Member shall pay to or receive from the Clearing Corporation, in all cases at the time and in the manner prescribed by the Clearing Corporation.

308. Daily Variation Settlements.

If the statement of Trades and positions made available to a Member under Rule 307 shows a net balance in favor of the Clearing Corporation, the Member shall, at the time and in the manner prescribed by the Clearing Corporation, pay such net balance to the Clearing Corporation. Payment will be considered made hereunder only if made in a manner prescribed by the Clearing Corporation and results in immediate credit to the account of the Clearing Corporation. If such statement shows a net balance in favor of the Member, the Clearing Corporation shall promptly pay, at the time and in the manner prescribed by the Clearing Corporation, the amount of such net balance to the Member.

309. Statement of Original Margins and Premiums.

At the time a Member a statement of the Member's Trades and positions is made available pursuant to Rule 307, the Clearing Corporation shall also make available a statement showing original Margins and Option premiums deposited by the Member, the amount of such Margins and premiums required by the Clearing Corporation, and the Member's net surplus of, or deficit in, such Margins and premiums.

310. Acceptance of Trades by Clearing Corporation.

The Clearing Corporation shall accept no Trades for clearance except for the account of its Members. A Trade, except a Transfer Trade, is accepted upon either the Clearing Corporation's receipt and acknowledgment of a matched Trade or matching of Trade confirmations. A Transfer Trade is accepted upon receipt of all payments and deposits required to be made pursuant to these Rules by the Members who are parties to the Transfer Trade. Issuance by the Clearing Corporation, to a Member, of a statement of Trades and positions as provided in Rule 307 shall constitute confirmation that the Trades listed on such statement, except Transfer Trades, have been accepted by the Clearing Corporation.

311. Trades for Customers.

Where a Member clears a Trade for a customer, whether a Member or non-Member of an Exchange Market, the Member becomes liable to the Clearing Corporation and the Clearing Corporation liable to the Member on such Trade in the same manner and to the same extent as if the Trade were for the account of the Member;

provided, however, that Trades designated by the Member as for the Member's customer shall not be offset under Rule 304 against Trades designated by the Member as for the Member's own account.

312. Separate Accounts.

A Member required by law to segregate a particular class of transactions with the Clearing Corporation shall maintain a separate account for that purpose (the "separate account"). When appropriately so designated by the Member, the separate account shall be treated as to Margins, Option premiums, daily variation settlements, deliveries and all other operations as though it were the account of a different Member except that, (a) excess funds in any other account of the Member may be allocated by the Clearing Corporation to the separate account to the extent necessary to meet applicable Margin and variation deposit requirements of these Rules, and (b) if the Member is in Default under Rule 605 as to any account maintained by the Member with the Clearing Corporation or for any reason ceases to be a Member, the open Trades in all such accounts may be closed in the open market, transferred to any other Member, or otherwise resolved and the deficit, if any, in the separate account applied to the balance in any other account of the Member. The Clearing Corporation shall maintain all funds held in the separate accounts in accordance with relevant provisions of the Commodity Exchange Act and Commodity Futures Trading Commission regulations.

The shares of Clearing Corporation stock owned by a Member shall secure all obligations of such Member arising in connection with the separate account of such Member.

313. Records.

Members shall keep permanent records showing, with respect to each purchase or sale, the names of both Members, the Futures Contract, Option series, quantity, date, price, delivery or expiration month, the name or account identifier of the customer for whom the Trade was made and such other information as may be required by law, regulation, or by the Clearing Corporation. Such permanent records shall be retained for at least five years, either in original form or in such other form as the Clearing Corporation may from time to time authorize, and shall be deemed the joint property of the Clearing Corporation and the Member keeping such records. The Clearing Corporation shall be entitled to inspect or take temporary possession of such records at any time upon demand.

314. Reporting.

Members shall make reports of their positions at the time and in the manner prescribed by the Clearing Corporation.

315. Limitation of Liability.

The liability of the Clearing Corporation shall be limited to losses resulting from the substitution of the Clearing Corporation upon contracts between Members in accordance with these Rules. The Clearing Corporation shall not be liable for obligations of a non-Member, obligations of a Member to a non-Member, obligations of a Member to another Member of the Clearing Corporation who is acting for such other member as broker, or obligations of a Member to a customer, nor shall the Clearing Corporation become liable to make deliveries to or accept deliveries from a customer of its Members.

316. Non-Acceptance of Trades.

In case of the non-acceptance of the Trades of any Member, the Clearing Corporation shall be deemed to have incurred no obligations respecting the Trades that are not so accepted. It shall be incumbent upon the Members who are parties to any such Trades to take such steps as the Members may deem necessary or proper for such Members' own protection.

317. Authority of President.

Without limitation of any authority conferred by the Certificate of Incorporation, the Bylaws, other provisions of these Rules, or resolutions of the Board or any committee of the Board, the President is authorized, should he deem it necessary or advisable, to take such action consistent with the Risk Plan as he deems necessary or appropriate for the protection of the Clearing Corporation. The President may take such action pending a meeting of the Risk Committee, but shall modify or rescind such action if so instructed by the Risk Committee or the Board.

4. MARGIN AND SETTLEMENTS

401. Clearing Corporation Lien.

Each Member agrees that the Clearing Corporation shall have a first lien and security interest on all Margin, Option premiums, Trades, positions and other property held in or for the accounts of such Member as security for all obligations of such Member to the Clearing Corporation.

402. Original Margin.

- (a) Margin deposits, other than variation deposits, shall be known as original Margin. The ~~Risk Committee~~ **Clearing Corporation** shall, from time to time, fix the amount of original Margin which shall be called to protect the Clearing Corporation on Trades in Contracts. ~~Such Margin shall be called by the President.~~
- (b) Original Margin shall be deposited in the manner prescribed in Rules 405 and 406. Upon performance or closing out of contracts thus secured, the original Margin deposits may be withdrawn by the Member upon the authorization of the Clearing Corporation. Margin calls shall ordinarily be uniform, but where particular risks are deemed hazardous, the ~~President~~ **Clearing Corporation** may, in ~~his~~ **its** sole discretion, depart from the rule of uniformity and call for additional Margin.

403. Variation Deposits.

Margin called by reason of market fluctuations shall be known as variation deposits and shall be paid to the Clearing Corporation on demand in the manner prescribed by ~~Rule 308~~ **Rule 308**. Variation deposits shall be deemed payments on account of Trades and positions for that Business Day and shall be reflected on statements of Trades and positions for that day. ~~The President is authorized to~~ **Clearing Corporation may** require additional variation deposits at any time to the extent of market fluctuations.

404. Settlement Price.

- (a) Except as otherwise provided in this Rule, the Settlement Price for each open Contract shall be determined at the close of each day's trading, through and including the Last Trading Day, as follows:
 - (i) If a Contract is actively traded during a trading day, the Settlement Price shall be the last Trade price, or a price established within the closing range, for that Contract.
 - (ii) If a Contract is not actively traded during a trading day, the Settlement Price shall be a price established within the current bids and offers, or based on a current bid or offer, for that Contract.
 - (iii) If no current bids or offers are available for an Option, the Settlement Price shall be a price established (A) in relation to quoted spread prices against other actively traded Options of the same expiration date and underlying Futures Contract, or (B) using generally accepted theoretical relationships, or (C) in relation to other actively traded Options of the same underlying Futures Contract, or (D) in relation to the prices of the underlying Futures Contract or Commodity.
 - (iv) If no current bids or offers are available for a Futures Contract, the Settlement Price shall be a price established (A) in relation to quoted spread prices against other actively traded Futures Contracts, or (B) in relation to other futures or Commodity prices.

- (b) Notwithstanding the foregoing, when deemed necessary by the Clearing Corporation in order to protect the respective interests of the Clearing Corporation and Members, the Clearing Corporation may establish the Settlement Price for any Contract at a price deemed appropriate by the President under the circumstances. When the Clearing Corporation determines that circumstances necessitate the application of this paragraph, the reasons for that determination and the basis for the establishment of the Settlement Price in such circumstances shall be recorded.
- (c) In carrying out the responsibilities under this Rule, the Clearing Corporation may consult, as appropriate, with one or more Markets and may consider all relevant market information.

405. Cash Margin Deposits.

If the statement of original Margins furnished to a Member under Rule 309 shows a deficit in original Margins, such Member shall, at the time and in the manner prescribed by the Clearing Corporation, pay an amount in U.S. Dollars, or foreign currency acceptable to the Clearing Corporation, sufficient to cover such deficit to the Clearing Corporation. Payment will be considered made hereunder only if made in a manner prescribed by the Clearing Corporation and if such payment results in immediate credit to the account of the Clearing Corporation.

406. Non-Cash Margin Deposits.

In lieu of maintaining original Margins in cash, as provided for in Rule 405, Members may deposit such types of collateral as may be approved by the Risk Committee of the Board or by the President, consistent with criteria established by the Risk Committee.

Where a Member defaults, all non-cash Margins may be converted to cash or otherwise transferred by the Clearing Corporation for the account of the Member or its customers without further notice.

407. Option Premiums.

Members shall deposit Option premiums with the Clearing Corporation at the time and in the manner prescribed by the Clearing Corporation.

5. DELIVERIES

501. Assignment of Deliveries.

Upon receipt of notices of intention to deliver on Futures Contracts cleared through the Clearing Corporation, issued by sellers in accordance with the rules and regulations of an Exchange Market, the Clearing Corporation shall assign such deliveries to eligible buyers in accordance with such rules and regulations. The Clearing Corporation shall promptly notify buyers as to deliveries assigned to them and shall furnish to sellers the names of buyers obligated to accept such deliveries from them. Delivery and payment ~~therefor~~ **therefore** shall be made by and between such buyers and sellers in the time and manner prescribed by the rules and regulations of the Exchange Market.

If on the last notice day of a delivery month the total of notices of intention to deliver any Commodity is less than the total of Futures Contracts of such Commodity remaining open and required to be settled by delivery, the Clearing Corporation shall allocate the total quantity of such Commodity tendered for final delivery pro rata, as near as may be practicable, among buyers entitled to receive delivery of such Commodity, and the defaults shall be allocated in the same manner.

502. Purchases and Sales for Physical Delivery.

Issuance of a notice of intention to deliver by a Member to the Clearing Corporation shall constitute an offer by such Member to sell to the Clearing Corporation the specified quantity of the Commodity involved, at the delivery price, and to purchase from the Clearing Corporation the same quantity of the same Commodity at the same price. Acceptance of such notice by the Clearing Corporation shall constitute its acceptance of the Member's offer to sell and repurchase. Such acceptance is effective at the time delivery is required to be made according to the rules and regulations of the Exchange Market and the Rules of the Clearing Corporation.

Assignment of delivery to a Member by the Clearing Corporation shall constitute an offer of the Clearing Corporation to sell to such Member the specified quantity of the Commodity involved, at the delivery price, and to purchase from such Member the same quantity of the same Commodity at the same price. Acceptance of such assignment of delivery by such Member shall constitute his acceptance of the Clearing Corporation's offer to sell and repurchase. Such acceptance is effective at the time delivery is required to be made according to the rules and regulations of the Exchange Market and the Rules of the Clearing Corporation.

The Clearing Corporation shall, at the time delivery is required to be made, consider the corresponding sales to such assigned buyers made hereunder as having been settled and shall apply the opposing repurchase made hereunder as an adjustment of the respective Members' futures positions with the Clearing Corporation in the manner prescribed by these Rules.

503. Delivery Price.

All deliveries on Futures Contracts shall be made at the Settlement Price of the day preceding the day of issuance of notice of intention to deliver, or at the price required in the contract terms and conditions, if such terms and conditions require a different price. The statement of Trades and positions specified in Rule 307 will reflect futures positions closed by delivery and the amount of final adjustment bringing delivery prices to Settlement Prices of the day of notice.

504. Posting of Deliveries.

During each delivery month, the Clearing Corporation shall cause to be posted, not later than the Business Day following the filing of notices of intention to deliver, the name of each Member issuing notices of intention to deliver on Futures Contracts, ~~the name of each Member issuing notices of intention to deliver~~ and the total amount of each Commodity tendered by such Member for delivery together with the name of each Member accepting assignment of deliveries and the total amount of each Commodity assigned to such Member.

505. Settlements on Defaulted Deliveries.

- (a) In the event a Member fails to fulfill its delivery obligations as prescribed in these Rules, the Clearing Corporation's sole obligation shall be to pay reasonable damages proximately caused by the Default, but in no event shall the Clearing Corporation be obligated to: (i) pay any damages greater than the difference of the delivery price of the specific Commodity and the reasonable market price of such Commodity at the time delivery is required to be made in accordance with the rules and regulations of the Exchange Market and the Rules of the Clearing Corporation; (ii) make or accept delivery of the actual Commodity; (iii) pay any damages relating to the accuracy, genuineness, completeness, or acceptability of certificates, instruments, warehouse receipts or other similar documents; or (iv) pay any damages relating to the failure or insolvency of banks, custodians, escrow agents, depositories, warehouses, or similar entities that may be involved with a delivery.
- (b) Notwithstanding any provision of these Rules, the Clearing Corporation has no obligation or liability to any Member or any other Person relating to a failure to fulfill a delivery obligation unless it is notified by the non-defaulting Member of such failure as soon as possible, but in no event later than sixty minutes after the time the delivery obligation was to have been discharged in accordance with the rules and regulations of the Exchange Market and the Rules of the Clearing Corporation.
- (c) Delivery obligations of a Member to another Member which are not discharged by the Member shall thereupon be deemed an obligation of the defaulting Member to the Clearing Corporation. The defaulting Member's obligations to the Clearing Corporation must be discharged not later than sixty minutes after the time such obligations originally were required to be discharged to the non-defaulting Member.

506. Assignment of Exercises of Options.

Upon receipt of notices of intention to exercise Options cleared through the Clearing Corporation, issued by buyers in accordance with the rules and regulations of the Exchange Market, the Clearing Corporation shall assign such exercises to eligible sellers in accordance with such rules and regulations. The Clearing Corporation shall promptly notify selling Members as to the exercises assigned to them and shall furnish to buying Members the names of selling Members obligated to accept such assignments. Delivery and payment shall be made in the time and manner prescribed by the rules and regulations of the Exchange Market.

Any Option not exercised by the time and date fixed for expiration of the Option in the rules and regulations of the Exchange Market shall not be exercisable.

507. Exercise Price.

All Option exercises shall be made at the strike price of the Option. The statement of Trades and positions will reflect the offsetting of each Option that was exercised and assigned, Trades and positions in Futures Contracts resulting from the exercise and assignment of Options, and the amount of the final adjustment being the strike price marked to the Settlement Price on the date the Option were exercised.

508. Deliveries in the Event of Bankruptcy.

- (a) This Rule shall be applicable to Contracts made on or through the facilities of an Exchange Market as and to the extent such Exchange Market has in effect one or more rules (each, a "Bankruptcy Delivery Rule") adopted in accordance with Commodity Futures Trading Commission Regulation 190.05(b).

- (b) If any customer of a Member that is a debtor shall wish to make or take delivery under a Futures Contract as provided in a Bankruptcy Delivery Rule, such customer shall deliver written notification thereof to the Clearing Corporation not later than noon on the second Business Day, which Business Day must be within the current delivery period, following the date of the entry of the order for relief with respect to such debtor, whereupon such customer shall assume all of the obligations of the debtor to the Clearing Corporation and the opposite Member with respect to such Futures Contract.
 - (i) If such customer is seeking to make delivery in fulfillment of such Futures Contract, such notification shall be accompanied by:
 - (A) evidence, satisfactory to the Clearing Corporation, that the debtor, on behalf of the customer, or the customer, has presented a notice of delivery to the Clearing Corporation; and
 - (B) evidence verifying to the Clearing Corporation that the customer owns and has in its possession or under its control, such certificates, instruments, warehouse receipts or other documents as are required pursuant to the Rules and the Bankruptcy Delivery Rule to make delivery in fulfillment of such Contract.
 - (ii) If such customer is seeking to take delivery in fulfillment of such futures Contract, such notification shall be accompanied by:
 - (A) the notice of delivery which has been issued by the Clearing Corporation to the debtor and allocated by the debtor to the customer, and
 - (B) evidence verifying to the Clearing Corporation that the customer owns and has in its possession or under its control a certified check, drawn on an approved depository bank and made payable to the order of the opposite Member in the full amount payable on the delivery of the Contract.
- (c) The Clearing Corporation shall provide to the opposite Member copies of all information provided to the Clearing Corporation pursuant to paragraph (b) above, provided, however, that the Clearing Corporation shall have no responsibility to investigate or otherwise verify the accuracy, genuineness or completeness of any certificate, instrument, warehouse receipt or other document or check delivered to or by the Clearing Corporation pursuant to the Bankruptcy Delivery Rule and this Rule and shall, in no event, have any liability for the quantity or quality of the commodity or other interest delivered.

509. Cash Settlement.

After trading ceases on the last day of trading for Futures Contracts without physical delivery, the Clearing Corporation shall consider the maintenance of an open position by a Member to constitute an offer to sell to or an offer to purchase from the Clearing Corporation the specific quantity of the Futures Contract involved at the Settlement Price determined for such Futures Contract on the last day of trading in such contracts.

The Clearing Corporation shall, once trading in such Futures Contracts has terminated pursuant to the rules and regulations of the Exchange Market, consider the corresponding sales or purchases made hereunder as an adjustment of the respective Members' positions in Futures Contracts with the Clearing Corporation in the manner prescribed by these Rules.

6. MISCELLANEOUS

601. Emergencies.

- (a) The Board, upon the affirmative vote of the Governors voting at a meeting where a quorum is deemed present, may adopt an emergency resolution which shall supersede and supplant all contrary or inconsistent resolutions or Rules. Absent extraordinary circumstances, a Governor who has a substantial financial interest in the outcome of such a vote shall abstain from deliberating and voting on the matter in question.
- (b) An emergency resolution shall expire upon the happening of either of the following events: (i) the Board shall have voted to rescind the emergency resolution; or (ii) 90 days shall have elapsed since the emergency resolution was adopted.
- (c) All Trades, all accounts and positions with the Clearing Corporation, and all Members shall be subject to the exercise of these emergency powers by the Board.
- (d) As used herein, the term "emergency" shall include without limitation 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 may lawfully be declared by the Board.
- (e) Except as otherwise stated in an emergency resolution adopted hereunder, the powers exercised by the Board of Governors under this Rule shall be in addition to and not in derogation of authority granted by the Certificate of Incorporation and Bylaws to a committee or officer of the Clearing Corporation to take action as specified therein.

602. Physical Emergencies.

In the event the physical functions of the Clearing Corporation 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 breakdowns or transportation breakdowns, the Chairman, a Vice Chairman or the President of the Clearing Corporation or, in their absence, another officer of the Clearing Corporation, is authorized to take such action as he or she shall deem necessary or appropriate to deal with such emergency.

603. Force Majeure.

Notwithstanding any other provision of these Rules, the Clearing Corporation shall not be obligated to perform its obligations under these Rules or any agreement with a Member relating to Contracts, or to compensate any person for losses occasioned by any delay or failure of performance, to the extent such delay or failure is the result of acts of God, lightning, earthquake, fire, epidemic, landslide, drought, hurricane, tornado, storm, explosion, flood, nuclear radiation, act of a public enemy or blockade, insurrection, riot or civil disturbance, strike or labor disturbance, or any other cause beyond the Clearing Corporation's reasonable control (whether or not similar to any of the foregoing).

If the Clearing Corporation shall, as a result of any of the above-described events, fail to perform any of its obligations, such failure shall be excused for a period equal to the period of delay caused by such event. In such an event, the Clearing Corporation shall give written notice thereof to the affected Market or such Member, as the case may be, as soon as it is reasonably practicable and attempt diligently to remove such condition.

604. Suspension of Rules.

The time frames fixed by these Rules, interpretations or policies of the Clearing Corporation for the doing of any act or acts may be extended, or the doing of any act or acts required by these Rules or any interpretations

issued by the Clearing Corporation may be waived, and any provision of these Rules or any interpretations issued by the Clearing Corporation may be suspended by the Board of Governors or by any officer of the Clearing Corporation having a rank of Vice President or higher whenever, in the judgment of Board of Governors or such officer, such extension, waiver or suspension is necessary or expedient. Any such extension or waiver may continue in effect after the event or events giving rise thereto but shall not continue in effect for more than thirty calendar days after the date thereof unless it shall be approved by the Clearing Corporation within such period of thirty calendar days.

605. Defaults.

- (a) A Member is in default (i) who fails to meet any of the Member's obligations upon the Member's ~~contracts~~ **Contracts** with the Clearing Corporation, (ii) who fails to deposit Margin (whether original, special or variation) or premiums within one hour after demand by the Clearing Corporation, or (iii) who is suspended or expelled by the Market or by the Clearing Corporation. Upon such default, the Clearing Corporation may cause all open Trades of such Member to be closed in the open market, transferred to any other Member, or otherwise resolved as deemed appropriate by the Clearing Corporation and any debit balance owing to the Clearing Corporation shall be immediately due and payable.
- (b) In closing, transferring or otherwise resolving the open Trades of a Member as provided in paragraph (a) of this Rule, the Clearing Corporation shall have the right:
 - (i) With respect to open Trades in a separate account of such Member provided for in Rule 312, to set off (A) any proceeds received by the Clearing Corporation from the disposition of such open Trades and any property or proceeds thereof deposited with or held by the Clearing Corporation as Margin for such account against (B) any amounts paid by the Clearing Corporation in the disposition of such open Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such account and any other amounts owed to the Clearing Corporation as a result of transactions in the account or otherwise lawfully chargeable against the account;
 - (ii) With respect to the open Trades in any other account of such Member, to set off (A) any proceeds by the Clearing Corporation from the disposition of such open Trades, any property or proceeds thereof deposited with or held by the Clearing Corporation as Margin for such account, and any other property of the Member within the possession or control of the Clearing Corporation other than property which has been identified by such Member as required to be segregated as provided for in Rule 312, against (B) any amounts paid by the Clearing Corporation in the disposition of such open Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such account, and any other obligations of the Member to the Clearing Corporation, including obligations of the Member to the Clearing Corporation remaining after the setoffs referred to in paragraph (b)(i) of this Rule, and any obligations arising from any other accounts maintained by the Member with the Clearing Corporation;
 - (iii) To cause Trades and positions held in accounts of the Member that is in Default to be offset against each other and, to the extent of any remaining imbalance, against the Trades and positions of other Members;
 - (iv) To cause Trades and positions in Contracts held in accounts of the Member that is in Default and of other Members to be settled at the Settlement Price for such Contracts, or at such other price or prices as Clearing Corporation may deem fair and reasonable in the circumstances; and

- (v) To defer closing or otherwise settling such Trades and Contracts if, in its discretion, it determines that the closing out of some or all of the suspended Member's Trades or Contracts would not be in the best interests of Clearing Corporation or other Members, taking into account the size and nature of the positions in question, market conditions prevailing at the time, the potential market effects of such liquidating transactions as might be directed by Clearing Corporation, and such other circumstances as it deems relevant.
- (c) Notwithstanding the foregoing, the liquidation and disposition of positions, Margin and other property subject to a cross-margin, cross-netting or common banking and settlement arrangement between the Clearing Corporation and another clearing organization shall be subject to the terms of the agreement between the Clearing Corporation and such other clearing organization.
- (d) Any obligation of the Clearing Corporation to a Member arising from a Trade or from any provision of the Bylaws or these Rules shall be subject to all the terms of the Bylaws and Rules, including the setoff and other rights set forth herein. The rights of the Clearing Corporation set forth herein shall be in addition to other rights that the Clearing Corporation may have under applicable law and governmental regulations, other provisions of the Bylaws and Rules, additional agreements with the Member or any other source.

606. Fees; Fines and Charges.

- (a) Clearing fees and other charges for Clearing Corporation services shall be as fixed from time to time by the Clearing Corporation.
- (b) In addition to any authority granted by the Bylaws, the President or his authorized representative may assess fines and charges against Members, as and to the extent authorized, for the failure to comply with the Bylaws, these Rules or any other requirement of the Clearing Corporation. A Member may appeal to the Board of Governors a fine, or a charge in excess of \$500, on the grounds that such fine or charge is excessive or unreasonable. On appeal, the Board of Governors may assess a different or greater penalty.

607. Trading by Employees Prohibited.

- (a) No employee of the Clearing Corporation shall:
 - (i) trade or participate directly or indirectly in any transaction in any commodity interest, except to the extent necessary to carry out the provisions of Rule 605 or as otherwise permitted pursuant to an exemption granted in accordance with this ~~Bylaw~~ **Rule**; or
 - (ii) disclose any material, non-public information obtained as a result of such Person's employment with the Clearing Corporation where the employee has or should have a reasonable expectation that the information disclosed may assist another Person in trading any commodity interest; provided, that an employee is not prohibited from making disclosures in the course of the employee's duties, or to another self-regulatory organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.
- (b) From time to time, the Clearing Corporation may adopt additional Rules which set forth circumstances under which exemptions from the trading prohibition contained in paragraph (a)(i) will be granted. The effectiveness of such rules and the procedures for administration of such rules shall be governed by applicable regulations of the Commodity Futures Trading Commission.
- (c) ~~all~~ **All** terms used in this Rule shall be construed consistently with the definitions appearing in Commodity Futures Trading Commission Regulation 1.59.

608. Forms; Transmission of Data to the Clearing Corporation.

- (a) In connection with any transaction or matter handled through, with or by the Clearing Corporation under or pursuant to the Rules, the form of any required list, notice or other document shall be as from time to time prescribed by the Clearing Corporation, and additions to, changes in and elimination of any such forms may be made by the Clearing Corporation at any time in its discretion.
- (b) A Member may execute any document to be delivered to the Clearing Corporation or to any other Member pursuant to these Rules by means of a mechanically or electronically reproduced facsimile signature of a representative of the Member; provided, that the Member shall have complied with such requirements as may be prescribed by the Clearing Corporation in connection with the use of such facsimile signatures.

609. Just and Equitable Principles of Trade; Acts Detrimental to the Interest or Welfare of the Clearing Corporation.

- (a) The Clearing Corporation shall have the power to suspend or revoke clearing privileges or authorize the assessment of fines or charges against Members for engaging in conduct inconsistent with just and equitable principles of trade.
- (b) The Clearing Corporation shall have the power to suspend or revoke clearing privileges or authorize the assessment of fines or charges against Members for engaging in acts detrimental to the interest or welfare of the Clearing Corporation.

610. Death, Disappearance or Incapacity of Individual Member.

- (a) Upon the death, disappearance or incapacity (all as reasonably determined by the Clearing Corporation) of an Individual Member, the Clearing Corporation may cause all open Trades of such Member to be closed in the open market, transferred to any other Member, or otherwise resolved as deemed appropriate by the Clearing Corporation and any debit balance owing to the Clearing Corporation shall be immediately due and payable.
- (b) In closing, transferring or otherwise resolving the open Trades of an Individual Member as provided in paragraph (a), the Clearing Corporation shall have the right, with respect to any account of such Member, to set off (A) any proceeds received by the Clearing Corporation from the disposition of open Trades, any property or proceeds thereof deposited with or held by the Clearing Corporation as Margin for such account, and any other property of the Member within the possession or control of the Clearing Corporation, against (B) (i) any amounts paid by the Clearing Corporation in connection with the disposition of such open Trades, including any losses, commissions or other expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such account, and (ii) any other obligations of the Member to the Clearing Corporation.
- (c) Any obligation of the Clearing Corporation to a Member arising from a Trade or from any provision of the Bylaws or Rules shall be subject to all the terms of the Bylaws and Rules, including the setoff and other rights set forth herein and therein. The rights of the Clearing Corporation set forth in this Rule shall be in addition to other rights that the Clearing Corporation may have under applicable law and governmental regulations, other provisions of the Rules, the Bylaws, additional agreements with the Member or any other source. The Clearing Corporation shall be authorized to take all such actions under this Rule as the Clearing Corporation in its sole discretion determines is appropriate or necessary under the circumstances.

611. Construction in Accordance with Illinois Law.

The Rules of the Clearing Corporation, and all rights and obligations thereunder, shall be construed in accordance with the internal laws of the State of Illinois, without giving effect to the conflict of law provisions thereof.

7. LINKED MARKET TRANSACTIONS

701. Scope and Interpretation.

~~The provisions of this Chapter shall, together with the Bylaws and other Rules of the Clearing Corporation, govern the rights, duties and obligations of the Clearing Corporation and its Members in respect of obligations arising out of Linked Contracts (as hereinafter defined). In the event of a conflict between the provisions of this Chapter and such Bylaws and other Rules, the provisions of this Chapter shall be deemed controlling.~~

702. Definitions.

As used in this Chapter, the following words and expressions shall be defined as follows:

(a) ~~Day Position Balance.~~

~~The aggregate purchases and sales of Linked Contracts, after giving effect to any netting and offset of such Linked Contracts pursuant to Rule 704 or pursuant to the rules of a Linked Clearinghouse or Linked Exchange (as appropriate in the context): (i) made on any trading day on or through the facilities of the Exchange by or for an account of a Member and cleared by the Clearing Corporation pursuant to these Rules; or (ii) made on any trading day on or through the facilities of a Linked Exchange by or for an account of a Linked Member or a Member that also is a member of the relevant Linked Clearinghouse and cleared by such Linked Clearinghouse pursuant to its rules. A Member's or a Linked Member's Day Position Balance shall not include Linked Contracts that are not permitted to be transferred between the Clearing Corporation and the relevant Linked Clearinghouse pursuant to the Link Agreement or otherwise. (b) Exchange.~~

~~The Exchange Market for which the Clearing Corporation acts pursuant to the Link Agreement.~~

~~(c) Government Intervention.~~

~~Any act of a government or government body, including a change in applicable laws or regulations affecting any of the parties to a Link Agreement, or a failure or refusal to act or any withholding of its approval by a government or government body, which adversely affects the transfer of Linked Contracts pursuant to such Link Agreement or prevents compliance by any of the parties thereto with any of its obligations thereunder or which prevents, as determined by any of the parties to such Link Agreement, Linked Contracts made on or through the facilities of the Exchange and on or through the facilities of the relevant Linked Exchange from being fungible with each other. (d) Link Agreement.~~

~~An agreement between (i) a Linked Exchange, (ii) its Linked Clearinghouse, (iii) the Exchange, and (iv) the Clearing Corporation, pursuant to which: (A) Linked Contracts in the terms of Exchange contracts traded on or through the facilities of such Linked Exchange are initially cleared by such Linked Clearinghouse prior to being transferred to the Clearing Corporation and, upon such transfer, becoming subject to the rules and regulations of the Exchange and the Bylaws and Rules of the Clearing Corporation, and (B) Linked Contracts in the terms of contracts of such Linked Exchange traded on or through the facilities of the Exchange are initially cleared by the Clearing Corporation pursuant to the Rules prior to being transferred to such Linked Clearinghouse and, upon such transfer, becoming subject to the rules of such Linked Exchange and such Linked Clearinghouse. (e) Link Clearing Agreement.~~

~~An agreement, in a form at all times satisfactory to the Clearing Corporation, executed by a Member and a Linked Member relating to the transfer of Linked Contracts from one to the other. (f) Linked Clearinghouse.~~

~~The clearinghouse for a Linked Exchange. In the case of a Linked Exchange whose clearinghouse is operated as a division of the Linked Exchange, rather than as a separate legal entity, the term "Linked Clearinghouse" shall mean and refer to such division of the Linked Exchange. (g) Linked Member.~~

~~A member of a Linked Clearinghouse that is a party to a Link Clearing Agreement. (h) Linked Contracts.~~

~~Linked Futures Contracts and Linked Option Contracts. (i) Linked Exchange.~~

~~An exchange or market, other than the Exchange, that is a party to a Link Agreement. (j) Linked Futures Contract.~~

~~A Futures Contract designated by a Linked Exchange or the Exchange for trading and clearing pursuant to a Link Agreement. For purposes of Chapters 1 through 6 of these Rules, the following terms shall be read as follows: (i) "Futures Contracts" and "Trades" (as used in reference to Futures Contracts) shall be read to include Linked Futures Contracts traded on or through the facilities of the Exchange prior to the transfer of such Linked Futures Contracts to a Linked Clearinghouse, and (ii) "Futures Contracts" shall be read to include Linked Futures Contracts traded on or through the facilities of a Linked Exchange after the transfer of such Linked Futures Contracts to the Clearing Corporation. (k) Linked Option Contracts.~~

~~An Option designated by a Linked Exchange or the Exchange for trading and clearing pursuant to a Link Agreement. For purposes of Chapters 1 through 6 of these Rules, the following terms shall be read as follows: (i) "Options" and "Trades" (as used in reference to Options) shall be read to include Linked Option Contracts traded on or through the facilities of the Exchange prior to the transfer of such Linked Option Contract to a Linked Clearinghouse, and (ii) "Options" shall be read to include Linked Option Contracts traded on or through the facilities of a Linked Exchange after the transfer of such Linked Option Contract to the Clearing Corporation. (l) Market Emergency.~~

~~Any situation, as determined by any party to a Link Agreement, which threatens or may threaten fair and orderly trading in, or clearing and settlement of, a Linked Contract or any event outside the control of any party to a Link Agreement (including, without limitation, any fire, threat or act of violence, power failure or communication failure or interruption, failure of technology or bank transfer systems) which materially affects or which may materially adversely affect such trading or clearing and settlement.~~

~~A determination by the Clearing Corporation as to the existence of a "Market Emergency" shall be made by the Risk Committee and such determinations shall be conclusive. (m) Mark Price. (i) As used in reference to a Linked Contract traded on or through the facilities of the Exchange and initially cleared by the Clearing Corporation, the price established by the President or his authorized representative at which such Linked Contract is to be transferred to a Linked Clearinghouse and the price which shall be used for the settlement of gains and losses between the Clearing Corporation and its Members in respect of such Linked Contract. (ii) As used in reference to a Linked Futures Contract traded on or through the facilities of a Linked Exchange and initially cleared by its Linked Clearinghouse, the price established by such Linked Clearinghouse at which such Linked Futures Contract is to be transferred to the Clearing Corporation and which shall be used for the settlement of gains and losses between such Linked Clearinghouse and its members in respect of such Linked Futures Contract. (iii) For the purpose of Rule 303, the term "Settlement Price" shall mean, as to Linked Contracts traded on or through the facilities of the Exchange and initially cleared by the Clearing Corporation, the Mark Price. For the purpose of Rule 303, the term "Settlement Price" shall have its customary meaning for Linked Contracts traded on or through the facilities of a Linked Exchange and transferred to the Clearing Corporation. (n) Special Member.~~

~~A Linked Clearinghouse which has the responsibilities of a Member of the Clearing Corporation for the limited purpose set forth in Rule 708. A Linked Clearinghouse shall be subject to such requirements and other duties and responsibilities, and shall have such rights, as are set out in an agreement between the Clearing Corporation and such Linked Clearinghouse in relation to each becoming a Special Member of the other, or as may otherwise be agreed to by the Clearing Corporation and such Linked Clearinghouse. (o) Transfer Time.~~

~~The time on any trading day established by the Clearing Corporation or by a Linked Clearinghouse, as appropriate in the context, as of which details of all Day Position Balances are to be transferred by the Clearing Corporation to such Linked Clearinghouse or by such Linked Clearinghouse to the Clearing Corporation.~~

~~703. Member Eligibility.~~

~~(a) A Member of the [RESERVED]~~

8. GUARANTY FUND

[RESERVED]

9. U.S. FUTURES EXCHANGE, L.L.C.

9-101. Definitions.

Bank

For purposes of Rules 9-501 through 9-517, a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and has capital, surplus and undivided earnings in excess of \$100,000,000.

Eurex

Eurex Frankfurt AG, a German corporation.

Eurex Clearing

Eurex Clearing AG, Frankfurt, a German corporation.

EurexUS

U.S. Futures Exchange, L.L.C., a Delaware limited liability company.

Off-Order Book Trade

A trade in Contracts subject to the rules of EurexUS that is matched bilaterally between two Member Firms outside the EurexUS central order book or is generated by EurexUS on behalf of Member Firms, such as exchanges of futures for physicals (basis trades), exchanges of futures for swaps, block trades, strategy trades, volatility trades, and reverse trades (canceling erroneous trades), but not including a Post-Trade Transaction.

On-Order Book Trade

A trade that is matched in the central order book of EurexUS.

Post-Trade Transaction

Transfers of positions between Members, give-ups, split-ups and such other trade and position management and similar instructions as may be authorized from time to time by the Clearing Corporation.

Range

A range, not greater than the highest trade price or less than the lowest trade price in the relevant Contract traded on EurexUS on the same Trading Day, in either case as increased or decreased by the amount(s) set forth in the rules of EurexUS.

Trading Day

The trading day as determined by EurexUS from time to time.

9-202. Application for Membership.

- (a) Persons desiring to clear Trades through the Clearing Corporation shall make application in such form as shall be prescribed by the Clearing Corporation. Each applicant must agree to abide by the Certificate of Incorporation, Bylaws, Rules, interpretations and policies of the Clearing Corporation, and the rules of EurexUS, as in effect from time to time. An applicant for membership shall be conclusively deemed to have agreed to have no recourse against the Clearing Corporation in the event that its application for membership is rejected.
- (b) Notwithstanding a sale or transfer of membership, a Person qualified as a Member agrees to be responsible for any violation of the Bylaws, Rules, interpretations and policies of the Clearing Corporation committed by such Person while a Member and agrees to have any disputes which arise while a Member which relate to or arise out of any transaction with the Clearing Corporation or membership in the Clearing Corporation resolved in accordance with the Bylaws and Rules.

9-310 Acceptance of Trades by Clearing Corporation

In the case of all On-Order Book Trades, and Off-Order Book Trades falling within the Range, acceptance of the Trade occurs upon trade matching by the EurexUS trading system. In the case of Off-Order Book Trades falling outside the Range and all Post-Trade Transactions, acceptance shall occur upon receipt of all payments and deposits required to be made pursuant to these Rules by the Members who are parties to such Trades and Transactions.

9-404 Settlement Price

- (a) Except as otherwise provided in this Rule, the Settlement Price for each open Contract shall be determined as follows:
 - (i) Except for Contracts using the EurexUS trading system that have a closing auction period, the Settlement Price shall be the price recommended for such Contract daily by EurexUS determined in accordance with the rules of EurexUS.
 - (ii) If a Contract using the EurexUS trading system has a closing auction period, the Settlement Price shall be the closing price determined in accordance with the rules of EurexUS.
- (b) Notwithstanding the foregoing, when deemed necessary by the Clearing Corporation in order to protect the respective interests of the Clearing Corporation and Members, the Clearing Corporation may establish the Settlement Price for any Contract at a price deemed appropriate by the Clearing Corporation under the circumstances. When the Clearing Corporation determines that circumstances necessitate the application of this paragraph, the reasons for that determination and the basis for the establishment of the Settlement Price in such circumstances shall be recorded.
- (c) In carrying out the responsibilities under this Rule, the Clearing Corporation may consult, as appropriate, with one or more Markets and may consider all relevant market information.

9-501 Delivery Notices.

A seller obligated or desiring to make delivery of a Commodity shall issue and deliver to the Clearing Corporation a delivery notice containing the name and business address of the issuer of such notice; 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 Clearing Corporation shall direct in regard to any particular Commodity.

Delivery notices shall be furnished to the Clearing Corporation electronically in such form as may be specified by the Clearing Corporation. The Clearing Corporation shall assign deliveries to Members

(buyers) having Contracts to take delivery, for their own account or for one or more customers, of the same or lesser amount of the same Commodity. The Clearing Corporation shall notify such Members of the deliveries which have been assigned to them and shall furnish to issuers of delivery notices the names of Members obligated to accept their deliveries. Members receiving delivery notices shall assign delivery to the oldest open contracts on their books at the close of business on the previous day.

Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing Corporation shall furnish to each issuer the names of the buyers obligated to accept delivery from such Member 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 the business day preceding the intended date of delivery 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.

9-502. Purchases and Sales for Physical Delivery.

Issuance of a notice of intention to deliver by a Member to the Clearing Corporation shall constitute an offer by such Member to sell to the Clearing Corporation the specified quantity of the Commodity involved, at the delivery price, and to purchase from the Clearing Corporation the same quantity of the same Commodity at the same price. Acceptance of such notice by the Clearing Corporation shall constitute its acceptance of the Member's offer to sell and repurchase. Such acceptance is effective at the time delivery is required to be made according to the Rules of the Clearing Corporation.

Assignment of delivery to a Member by the Clearing Corporation shall constitute an offer of the Clearing Corporation to sell to such Member the specified quantity of the Commodity involved, at the delivery price, and to purchase from such Member the same quantity of the same Commodity at the same price. Acceptance of such assignment of delivery by such Member shall constitute his acceptance of the Clearing Corporation's offer to sell and repurchase. Such acceptance is effective at the time delivery is required to be made according to the Rules of the Clearing Corporation.

The Clearing Corporation shall, at the time delivery is required to be made, consider the corresponding sales to such assigned buyers made hereunder as having been settled and shall apply the opposing repurchase made hereunder as an adjustment of the respective Members' futures positions with the Clearing Corporation in the manner prescribed by these Rules.

9-504 Posting of Deliveries.

During each delivery month, the Clearing Corporation shall cause to be posted, not later than the Business Day following the filing of notices of intention to deliver, the name of each Member issuing notices of intention to deliver on Futures Contracts and the total amount of each Commodity tendered by such Member for delivery together with the name of each Member accepting assignment of deliveries and the total amount of each Commodity assigned to such Member.

9-505. Settlements on Defaulted Deliveries.

- (a) If a Member fails to fulfill its delivery obligations as prescribed in these Rules, the Clearing Corporation's sole obligation shall be to pay reasonable damages proximately caused by the Default, but in no event shall the Clearing Corporation be obligated to: (i) pay any damages greater than the difference of the delivery price of the specific Commodity and the reasonable market price of such Commodity at the time delivery is required to be made in accordance with the rules and regulations of the Exchange Market and the Rules of the Clearing Corporation; (ii) make or accept delivery of the actual Commodity; (iii) pay any damages relating to the accuracy, genuineness, completeness, or acceptability of certificates, instruments, warehouse receipts or other similar documents; or (iv) pay any damages relating to the failure or insolvency of banks, custodians, escrow agents, depositories, warehouses, or similar entities that may be involved with a delivery.

- (b) Notwithstanding any provision of these Rules, the Clearing Corporation has no obligation or liability to any Member or any other Person relating to a failure to fulfill a delivery obligation unless it is notified by the non-defaulting Member of such failure as soon as possible, but in no event later than sixty minutes after the time the delivery obligation was to have been discharged in accordance with the rules and regulations of the Exchange Market and the Rules of the Clearing Corporation.
- (c) Delivery obligations of a Member to another Member which are not discharged by the Member shall thereupon be deemed an obligation of the defaulting Member to the Clearing Corporation. The defaulting Member's obligations to the Clearing Corporation must be discharged not later than sixty minutes after the time such obligations originally were required to be discharged to the non-defaulting Member.
- (d) If a buying Member fails to effect payment to its assigned seller by the 1:00 p.m. payment deadline, the selling Member must immediately notify the Clearing Corporation. The Clearing Corporation will then determine, in its sole discretion, whether the failure of the buying Member to effect payment constitutes a technical default that can be remedied or whether the buyer's failure to effect payment constitutes a delivery default. If the Clearing Corporation determines that the failure was caused by a technical default (including a bank instruction error or failure of the Federal Reserve wire), the buyer will be allowed to make payment subsequent to the 1:00 p.m. payment deadline. If the Clearing Corporation determines that the failure constitutes a delivery default, the Clearing Corporation will instruct the selling Member to sell the invoiced securities in the cash market as soon as reasonably practicable. The defaulting buying Member will be liable to its assigned seller for the amount that the reasonable sale price of the invoiced securities (including costs) is less than the original invoiced amount.

If a selling Member fails to effect delivery to its assigned buyer by the 1:00 p.m. delivery deadline, the long must immediately notify the Clearing Corporation. The Clearing Corporation will then determine, in its sole discretion, whether the seller's failure to effect delivery constitutes a technical default that can be remedied or whether the seller's failure to effect delivery constitutes a delivery default. If the Clearing Corporation determines that the failure was caused by a technical default (including a bank instruction error or Failure of the Federal Reserve wire) the seller will be allowed to make delivery subsequent to the 1:00 p.m. delivery deadline. If the Clearing Corporation determines that the failure constitutes a delivery default, the Clearing Corporation will instruct the buyer to purchase substitute deliverable securities as soon as reasonably practicable. The defaulting selling Member will be liable to its assigned buyer for the reasonable damages incurred by the buyer (including costs) relating to the purchase of the substitute securities.

The Clearing Corporation's delivery guaranty to a non-defaulting buying or selling Member shall in all cases be subject to the provisions of Rule 9-505(a) and Part 8 hereof.

Any dispute for damages relating to a delivery default will be resolved between the applicable buying and selling Members pursuant to binding arbitration before the National Futures Association ("NFA"). Failure by a Member to comply with the NFA's resolution may subject such Member to charges or result in the suspension of the Member's clearing privileges at the Clearing Corporation, or both.

9-510. Report of Eligibility to Receive Delivery.

Prior to 8:00 p.m. (or by such other time designated by the Clearing Corporation) of each day on which delivery notices may be delivered to the Clearing Corporation, each Member shall report to the Clearing Corporation, at such times and in such manner as shall be prescribed by the Clearing Corporation, the amounts of its purchases of Commodities then eligible for delivery which remain open on its books in accordance with these Rules. Such reports shall show the dates on which such purchases were made, and shall exclude purchases to which the 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.

9-511. Payment.

Payment shall be made in Federal Funds. The buying Member 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 Corporation shall be made with the Clearing Corporation.

9-512. Buyers Banking Notification.

The buying Member shall provide the selling Member by 4:00 p.m. one business day prior to delivery day with notice, in such form as the Clearing Corporation may prescribe from time to time, setting forth the following information: the identification number and name of the buying Member; the delivery date; the notification number of the delivery assignment; the identification number and name of the selling Member making delivery; the quantity of the contract being delivered; the buying Member's Bank, account number and specific Federal Reserve wire instructions for the transfer of securities.

9-513. Standards.

The contract grade for delivery on Futures Contracts made under these Rules shall be as set forth in the rules of EurexUS.

9-514. Deliveries on Futures Contracts.

Deliveries against U.S. Treasury securities Futures Contracts shall be by book-entry transfer between accounts of Members at Banks 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 Clearing Corporation by 8:00 p.m., or by such other time designated by the Clearing Corporation, on the second business day preceding the delivery day. If the buying Member does not agree with the terms of the invoice received from the selling Member, the buying Member must notify the selling Member, and the dispute must be settled by 9:30 a.m. on the delivery day. The selling Member must have contract grade U.S. Treasury securities in place at its Bank in a form acceptable to its Bank for delivery no later than 10:00 a.m. on the delivery day. The selling Member must notify its Bank to transfer contract grade U.S. Treasury securities by book-entry to the buying Member's account at the buying Member's Bank on a delivery versus payment basis. On the delivery day, the buying Member shall make funds available by 7:30 a.m. and notify its Bank to accept contract grade U.S. Treasury contracts and to remit Federal Funds to the selling Member's account at the selling Member's Bank in payment for delivery therefor. Contract grade U.S. Treasury securities must be transferred and payment must be made before 1:00 p.m. on the delivery day. All deliveries shall be assigned by the Clearing Corporation. Where 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.

9-515. Wire Failure.

If delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the buying Member's Bank's or the selling Member's Bank's 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 buyer beginning on the day on which the bonds were to be originally delivered and be paid by the seller. In the event of such failure, both the buyer and seller must provide documented evidence that the instructions were given to their respective Banks in accordance with Rules 9-511 and 9-514 and that all other provisions of Rules 9-511 and 9-514 have been complied with.

9-516. Date of Delivery.

Delivery of U.S. Treasury securities may be made by the selling Member upon any permissible delivery day of the delivery month the seller may select. Delivery of U.S. Treasury securities must be made no later than the last business day of the delivery month.

9-517. Seller's Invoice to Buyers.

Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing Corporation shall promptly furnish each issuer the names of the buyers obligated to accept delivery from such issuer and a description of each Commodity tendered by him which was assigned by the Clearing Corporation 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 Corporation, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing Corporation by 2:00 p.m., or by such other time designated by the Clearing Corporation, on the business day preceding the intended date of delivery, except on the next-to-last business day of the month, where such invoices shall be delivered to the Clearing Corporation by 3:00 p.m., or by such other time as may be designated by the Clearing Corporation. Upon receipt of such invoices, the Clearing Corporation shall promptly make them available to buyers in the manner determined by the Clearing Corporation from time to time.