

Chapter 56 Cash Settled Butter Futures

5600. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in butter. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

5601. COMMODITY SPECIFICATIONS

Each futures contract shall be valued at 20,000 times the USDA monthly weighted average price per pound in the U.S. for butter.

5602. FUTURES CALL

5602A. Trading Schedule

Futures contracts shall be scheduled for trading and delivery during such hours and in such months as may be determined by the Board of Directors.

5602.B. Trading Unit

The unit of trading shall be 20,000 pounds.

5602.C. Price Increments

Minimum price fluctuations shall be in multiples of \$0.00025 per pound.

5602.D. Daily Price Limits

There shall be no trading at a price more than \$0.05 per pound above or below the previous day's settlement price, except that there shall be no daily price limits in the spot month during the last 5 days of trading.

If the contract nearest to expiration that is subject to a daily price limit settles on the limit bid or the limit offer, then the daily price limit shall be raised to \$0.10 per pound for all contracts subject to a daily price limit.

If, after the daily price limits have been increased to \$0.10 per pound, the contract nearest to expiration that is subject to a daily price limit settles on the limit bid or the limit offer, then the daily price limit shall be raised to \$0.20 per pound for all contracts subject to a daily price limit.

If the contract nearest to expiration that is subject to a daily price limit of \$0.20 does not settle at the limit bid or offer, the price limits shall revert to \$0.10 per pound on the next business day.

If the contract nearest to expiration that is subject to a daily price limit of \$0.10 does not settle at the limit bid or offer, the price limits shall revert to \$0.05 per pound on the next business day.

5602.E. Position Limits

No person shall own or control more than:

1. 500 contracts long or short in any contract month;
2. 100 contracts long or short in the expiring contract month as of the close of business on the business day immediately preceding the last 5 trading days in the expiring contract.

For positions involving options on Cash Settled Butter futures, this rule is superseded by the option speculative position limit rule.

5602.F. Accumulation of Positions

For purposes of this rule the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

5602.G. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the Commodity Futures Trading Commission and the Rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 559.

5602.H. Termination of Trading

Trading shall terminate on the business day immediately preceding the release date for the USDA monthly weighted average price in the U.S. for butter.

5602.I. Contract Modifications

Specifications shall be fixed as of the first day of trading of a contract except that all deliveries must conform to government regulations in force at the time of delivery. If any federal governmental agency issues an order, ruling, directive, or law that conflicts with the requirements of these rules, such order, ruling, directive, or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.

5603. FINAL SETTLEMENT**5603.A. Cash Settlement**

There shall be no delivery of butter in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the USDA monthly weighted average price in the U.S. for butter, as first released.

5603.B.-H. Reserved**5604-07 [RESERVED]****5608. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES**

(Refer to Rule 701 – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

(End Chapter 56)