

## **Chapter 12 Soybean Oil Futures**

### **12100. SCOPE OF CHAPTER**

This chapter is limited in application to soybean oil futures. The procedures for trading, clearing, inspection, delivery and settlement of soybean oil futures not specifically covered herein or in Chapter 7 shall be governed by the general rules of the Exchange.

### **12101. CONTRACT SPECIFICATIONS**

The contract grade for delivery on futures contracts made under these rules shall be Crude Soybean Oil which conforms to the following specifications:

- (a) It shall be one of the following types: Expeller pressed, expeller pressed degummed, solvent extracted, or solvent extracted degummed. Mixtures of one type with any other type shall not be deliverable;
- (b) It shall contain not more than 0.3% moisture and volatile content;
- (c) It shall be lighter in green color than Standard "A" and when refined and bleached shall produce a refined and bleached oil of not deeper color than 3.5 red on the Lovibond scale;
- (d) It shall refine with a loss not exceeding 5% as determined by the "neutral oil" method;
- (e) It shall have a flash point not below 250 degrees Fahrenheit, closed cup method;
- (f) It shall contain no more than 1.5% unsaponifiable matter (exclusive of moisture and volatile matter).

No lower grade shall be delivered in satisfaction of contracts for future delivery. A higher grade may be delivered at contract price except that where the refining loss is less than 5% as determined by the "neutral oil" method, a premium of one percent of the cash market price at the time of loading shall be paid for each one percent under the 5% loss (fractions figured throughout) with a maximum credit of 4½%.

American Oil Chemists' Society methods shall be followed for sampling and analysis for all tests, except for determining green color, which test shall be the National Soybean Processors Association tentative method.

A tolerance of 150 lbs. of sludge shall be allowed for each trading unit of 60,000 lbs. If the car contains more than 150 lbs. of sludge or if a truck contains more than 125 lbs. of sludge, an allowance shall be made to the Buyer for a total amount of sludge up to 1,000 lbs. at 50% of the price at the time of unloading the car. Sludge in excess of 1,000 lbs. shall be allowed for at the price at the time of unloading the car.

Sludge shall be considered to be solid residue which cannot be pumped and squeegeed from the car for the net out-turn weight.

### **12102. TRADING SPECIFICATIONS**

Trading in soybean oil futures is regularly conducted in eight months – September, October, December, January, March, May July, and August. The number of months open for trading at a given time shall be determined by the Exchange.

#### **12102.A. Trading Schedule**

The hours for trading of soybean oil futures shall be determined by the Exchange. The market shall be closed with a public call made month by month.

On the last day of trading in an expiring future, the close of the expiring future shall begin at 12 o'clock noon and trading shall be permitted thereafter for a period not to exceed one minute. Quotations made during this one minute period shall constitute the close.

#### **12102.B. Trading Unit**

The unit of trading shall be 60,000 lbs. of crude soybean oil.

#### **12102.C. Price Increments**

The minimum fluctuation for soybean oil futures shall be 1/100th of one cent per pound (\$6.00 per contract), including spreads.

#### **12102.D. Daily Price Limits<sup>1</sup>**

There shall be no trading in soybean oil futures at a price more than \$.025 per unit of trading (\$1,500 per contract) above or below the previous day's settlement price. Should two or more soybean oil futures contract months within the first eight listed non-spot contracts (or the remaining contract month in a crop year) close at limit bid or limit offer, the daily price limits for all contract months shall increase to \$.035 per unit of trading the next business day. Should two or more soybean oil futures contract months within the first eight listed non-spot contracts (or the remaining contract month in a crop year) close at limit bid or limit offer while price limits are \$.035 per unit of trading, daily price limits for all contract months shall increase to \$.055 per unit of trading the next business day. If price limits are \$.055 per unit of trading and no soybean oil futures contract month closes limit bid or limit offer, daily price limits for all contract months shall revert back to \$.035 per unit of trading the next business day. If price limits are \$.035 per unit of trading and no soybean oil futures contract month closes limit bid or limit offer, daily price limits for all contract months shall revert back to \$.025 per unit of trading the next business day. There shall be no price limits on the current month contract on or after the second business day preceding the first day of the delivery month.

#### **12102.E. Position Limits**

In accordance with Rule 559., Position Limits and Exemptions, no person shall own or control positions in excess of:

1. 540 contracts net long or net short in the spot month.
2. 5,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month. Additional futures contracts may be held outside of the spot month as part of futures/futures spreads within a crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit.
3. 6,500 futures-equivalent contracts net long or net short in all months combined.

Refer to Rule 559. for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

#### **12102.F. Termination of Trading**

No trades in soybean oil futures deliverable in the current month shall be made after the business day preceding the 15th calendar day of that month. Any contracts remaining open after the last day of trading must be either:

- (a) Settled by delivery no later than the seventh business day following the last trading day (tender on business day prior to delivery).
- (b) Liquidated by means of a bona fide Exchange of Futures for Related Position, no later than the sixth business day following the last trading day.

#### **12103. WEIGHING**

On all deliveries, the weight as determined by an Official Weigher shall be binding on all interested parties. Due allowance shall be made to cover the loss of weight due to sampling, if a sample is drawn from weighing. An official weigher is a person or agency approved by the Exchange.

#### **12104. GRADING**

The Warehouseman shall have the option, and advise the warehouse receipt holder of his selection at the time of receipt of loading instructions, of having the grade determined by one of the following methods:

- A. Official Chemist Analysis, Warehouseman to pay the cost.
- B. Comparison between consignee's and Warehouseman's analyses.
  1. Each party must mail to the other party his analysis within 15 days after the bill of lading date.
  2. If the parties do not agree as to quality (refining loss excepted) either one may request analysis by an Official Chemist. The findings of the Official Chemist shall be binding on both parties and the cost of such analysis shall be charged to the party against whom the decision results.

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<sup>1</sup> Revised March 2008.

3. In case of refining loss, based on the "neutral oil" method, if the difference is not over three tenths of one percent the settlement shall be made on the average of the two; otherwise the retained sample shall be sent to an Official Chemist for analysis. If the Official Chemist's results are the mean of the Warehousemans' and consignees' analyses, then the cost shall be shared equally; otherwise, the cost shall be charged to the party against whom the decision results.
- C. Certificates for quality analysis by any Official Chemists shall be acceptable and binding on all parties except as otherwise provided.

The Official Chemists are Eurofins Scientific, Inc. with a laboratory located at Des Moines, Ia.; and Barrow-Agee Laboratories, Memphis, Tenn.

**12105. SAMPLING**

Samples shall be drawn at the time of loading by Official Samplers approved by the Exchange. The Official Sample shall be 2 one-quart and 1 half-gallon samples. These portions should be packaged in clean, dry and new containers. Either tinned metal containers or high density polyethylene bottles fitted with metal caps having oil resistant cap liners are acceptable. Polyethylene containers must be enclosed for shipping in custom-made, close fitting cardboard containers. The sample must be drawn at the time of loading in accordance with the A.O.C.S. Official Method for sampling crude oils (C1-47-Continuous Flow and Trier methods) and shall be so indicated on the invoice. If the Warehouseman neglects to provide such a sample at the time of loading or fails to show on the invoice that an Official Sample has been taken, a sample drawn at destination shall be official when taken in accordance with the A.O.C.S. Official Methods as noted above. The Warehouseman shall forward to Consignee one of the one-quart portions at no expense to Consignee within one working day of completion of loading and the label of the sample must designate the type of oil and plant destination. The one-half gallon portion (third portion) is to be retained by the Warehouseman same as above as the referee sample for a minimum of thirty days after loading.

Each sample must be accompanied by a certificate in the following form:

Board of Trade of the City of Chicago, Inc.

**OFFICIAL SAMPLER'S CERTIFICATE**

I hereby certify that sample marked \_\_\_\_\_ was drawn by me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, within 24 hours after loading tank car or truck in accordance with the requirements of Rule 12105. of the Board of Trade of the City of Chicago, Inc. and that it is a fair and true sample of the contents of: Car/Truck No. (and initial) \_\_\_\_\_, located at \_\_\_\_\_ containing approximately \_\_\_\_\_ pounds, of \_\_\_\_\_

(Expeller pressed. Expeller pressed degummed, Solvent Extracted, \_\_\_\_\_ type Crude Soybean Oil. Solvent Extracted Degummed)

\_\_\_\_\_ Solvent used.

That sample was taken in a manner prescribed by the American Oil Chemists Society.

\_\_\_\_\_  
OFFICIAL SAMPLER

**12106. DELIVERY POINTS**

Crude Soybean Oil may be delivered in satisfaction of Soybean Oil futures contracts from regular warehouses located in the Illinois Territory, Eastern Territory, Eastern Iowa Territory, Southwest Territory, Western Territory or Northern Territory as defined in this rule and at the following price differentials:

- (a) Illinois Territory (That portion of the state of Illinois north of latitude 38°00' N.) at contract price.
- (b) Eastern Territory (Those portions of the states of Indiana and Kentucky west of the Ohio-Indiana border and its extension and north of latitude 38°00'N.) at 20/100ths of one cent per pound under contract price.

- (c) Eastern Iowa Territory (That portion of the state of Iowa east of longitude 93°50'W.) at 50/100ths of one cent per pound under contract price.
- (d) Southwest Territory (Those portions of the states of Missouri and Kansas north of latitude 38°00'N. and east of longitude 97°00'W.) at 45/100ths of one cent per pound over contract price.
- (e) Western Territory (Those portions of the states of Iowa west of longitude 93°50'W., and Nebraska east of longitude 97°00'W.) at 15/100ths of one cent per pound under contract price.
- (f) Northern Territory (Those portions of the states of Minnesota south of latitude 45°10'N., and South Dakota south of latitude 45°10'N., and east of 97°00'W.) at 75/100ths of one cent per pound under contract price.
- (g) For a given soybean crop year ending August 31, excluding the period September 1 through December 31, and for a given Soybean Oil futures delivery territory except the "Illinois Territory": when the weekly (as of Friday) cumulative average ratio of outstanding Soybean Oil Warehouse Receipts to CBOT maximum 24 hour soybean crushing capacity within that Soybean Oil futures delivery territory, relative to that ratio for the combined remaining Soybean Oil territories, is less than or equal to 0.5, payment for Warehouse Receipts issued from that Soybean Oil territory will be at a premium of 10 cents per hundredweight over contract price in addition to the delivery territorial differential adjustment.
- (h) For a given soybean crop year ending August 31, excluding the period September 1 through December 31, when the "Illinois Territory's" weekly (as of Friday) cumulative average ratio of outstanding Soybean Oil Warehouse Receipts to maximum CBOT 24 hour soybean crushing capacity within the Illinois Soybean Oil futures delivery territory, relative to that ratio for the combined remaining Soybean Oil territories, is less than or equal to 0.5, payment for Warehouse Receipts issued from all other Soybean Oil territories will be at a discount of 10 cents per hundredweight under contract price in addition to the delivery territorial differential adjustments.
- (i) For a given soybean crop year ending August 31, excluding the period September 1 through December 31, and for a given Soybean Oil futures delivery territory except the "Illinois Territory," when the weekly (as of Friday) cumulative average ratio of outstanding Soybean Oil Warehouse Receipts to CBOT maximum 24 hour soybean crushing capacity within that Soybean Oil futures delivery territory, relative to that ratio for the combined remaining Soybean Oil territories, is greater than or equal to 2.0, payment for Warehouse Receipts issued from that Soybean Oil territory will be at a discount of 10 cents per hundredweight under contract price in addition to the delivery territorial differential adjustment.
- (j) For a given soybean crop year ending August 31, excluding the period September 1 through December 31, when the "Illinois Territory's" weekly (as of Friday) cumulative average ratio of outstanding Soybean Oil Warehouse Receipts to CBOT maximum 24 hour soybean crushing capacity within the Illinois Soybean Oil futures delivery territory, relative to that ratio for the combined remaining Soybean Oil territories, is greater than or equal to 2.0, payment for Warehouse Receipts issued from all other Soybean Oil territories will be at a premium of 10 cents per hundredweight over contract price in addition to the delivery territorial differential adjustments.
- (k) Items (g) through (j) of Rule 12106. shall apply to all CBOT Soybean Oil futures contracts delivered during a one calendar year period beginning with January following the soybean crop year ending August 31, provided that there are on a weekly average at least 150 outstanding Soybean Oil Warehouse Receipts in all Soybean Oil delivery territories combined during that previous soybean crop year.
- (l) Based on the adjustments made to territorial delivery differentials during a given calendar year as outlined in items (g) through (k) of Rule 12106., the CBOT shall announce and publish by September 15 of that given calendar year new territorial delivery differentials applicable to all Soybean Oil futures contracts delivered during the next calendar year.

**12107. REGISTRATION AND DELIVERY OF SOYBEAN OIL RECEIPTS**

(Refer to Rule 712., Delivery and Registration, and Rule 713., Delivery Procedures.)

**12108. STORAGE CHARGES**

No Soybean Oil Warehouse Receipts shall be valid for delivery on futures contracts unless the storage charges shall have been paid up to and including the 18<sup>th</sup> day of the preceding month and such payment endorsed on the Soybean Oil Warehouse Receipt unless registration is at a later date. Unpaid accumulated storage charges at the posted tariff applicable to the warehouse where the soybean oil is stored shall be allowed and credited to the buyer by the seller up to and including date of delivery.

The storage rates on Crude Soybean Oil shall not exceed 3/10th of one cent per day per 100 pounds. When the Warehouseman schedules tank car loading, storage shall continue through the date of surrender of a properly cancelled warehouse receipt and shall begin again on the sixth day after surrender date if loading has not been completed and continue until the oil has been loaded. When the Warehouseman schedules truck loading, storage charges shall continue through the date of loading.

**12109. REGULARITY OF WAREHOUSES**

**12109.A. Regularity Requirements**

In addition to the conditions set forth in Rule 703.A., Conditions for Approval, the following shall constitute requirements and conditions for regularity:

1. Such warehouse shall be located within one of the six delivery territories.
2. Such warehouse shall be connected by railroad tracks with one or more railway lines.
3. Such warehouse shall maintain on-site standard equipment and appliances for the receiving, handling, and shipping of Crude Soybean Oil in bulk, including equipment to issue official origin weight. Official origin weight may be obtained by using one of the following: (1) platform scale (either rail or truck); (2) tank scale; or (3) batch scale.
4. The warehouseman of a regular warehouse is not required to own the warehouse and may lease the facility from the owner. The warehouseman may also enter into a service arrangement pursuant to which an agent or contractor performs the daily operations of the warehouse. The warehouseman shall be responsible for the conduct of its agents or contractors. The warehouseman shall provide a copy of any applicable lease or service agreement upon request by the Exchange.
5. In the event that the warehouseman is unable properly to store or load out oil for receipt holders because of another party's ownership of or control over the warehouse, the warehouseman shall, at its own expense, provide each holder of an outstanding receipt with either (a) a replacement warehouse receipt at another, mutually acceptable regular warehouse, with adjustments for differences in contract differentials or, if such replacement receipt is unavailable, (b) an equivalent quantity and quality of the soybean oil designated in the warehouse receipt at a mutually acceptable location.

**12109.B Duties of Warehouse Operators**

It shall be the duty of the operators of all regular warehouses:

- (a) To accept Crude Soybean Oil for delivery on Chicago Board of Trade contracts provided such Crude Soybean Oil is of contract grade when received at such warehouses, and all space in such warehouses is not already filled or contracted for, to pay no premium on refining loss but to receive allowance for sludge.
- (b) To notify the Exchange of any change in the condition of their warehouses.
- (c) To insure soybean oil covered by warehouse receipts tendered for delivery against the contingencies provided for in a standard "All Risks" policy (including earthquake) to such an extent and in such amounts as required by the Exchange.

Any loss or damage to oil caused by leakage or discharge from the storage facilities resulting from the cracking, rupture, bursting, collapse, subsidence or disruption of the containing system, or the negligence of the warehouse operator shall be for the account of the warehouse operator, unless such loss or damage by leakage or discharge from the storage facilities is due to causes required to be insured against under this Rule.

- (d) To furnish the Exchange with either a copy of the current insurance policy or policies, or a written confirmation from the insurance company that such insurance has been effected.
- (e) To advise the holder of the warehouse receipts when oil is tendered on a futures contract of the freight rate on the oil upon request; and to forward the oil on the basis

of these rates whenever shipping instructions are received if orders are received within three days.

- (f) To register their daily load-out rate in jumbo rail tank car equivalents (minimum of 4) with the Exchange. Warehouse Operators shall limit warehouse receipts issued to an amount of soybean oil equal to the lesser of their approved regular space or 20 times the registered daily loading rate for jumbo tank cars times 185,000 pounds.
- (g) To ship oil ordered out of the warehouses in Buyer's tank cars, if so arranged, and to begin loading out soybean oil on or before the third business day following the date the car is ready for loading or the receipt is cancelled, whichever occurs later, at a daily rate per business day equal to the equivalent of the Warehouseman's registered daily rate of loading jumbo rail tank cars.

All rail loading orders received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Rail loading orders received after 2:00 p.m. on a business day shall be considered dated the following business day. When loading against rail loading orders and shipping instructions received by a Warehouseman prior to 2:00 p.m. on a given business day, as determined hereunder, cannot be completed on the third following business day, the Warehouseman shall allocate daily loading against such loading orders as equitably as possible on a pro-rata basis on subsequent business days. Loading against all rail orders scheduled for a given business day shall be completed before loading of any orders scheduled for a subsequent business day.

- (h) To load each tank car to its stenciled capacity upon surrender of sufficient warehouse receipts tendered on futures contracts. Any excess or deficiency from the amount of the warehouse receipt shall be settled at the market price as of the date of loading. The Warehouseman will provide a sight draft for the Shipment, with the Bill of Lading attached for any amounts due in connection with loading oil, including premium for refining loss, unless otherwise mutually agreed.
- (i) To hold a tank car after loading free of expense to the Buyer (except for car rental) until the grade is ascertained, and if the grade is not of contract grade to unload the car and reload oil of contract quality free of expense to the Buyer and at all times to keep oil fully insured until the car is released to the railroad.
- (j) To ship oil ordered out of the warehouse in Buyer's tank truck, if so arranged, and to load the oil at a daily rate per business day equal to the equivalent of the Warehouseman's registered daily rate of loading for jumbo rail tank cars.

All truck loading orders received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Truck orders received after 2:00 p.m. on a business day shall be considered dated the following business day.

When loading orders are received by 2:00 p.m. of any given business day, the Warehouseman will advise the Buyer by 4:00 p.m. the same day of loading dates and tonnage due. Notification will be by telephone or email.

When a Warehouseman has received one or more truck loading orders he shall begin loading against them not later than the third business day following their receipt. When loading against loading orders and shipping instructions received by a Warehouseman prior to 2:00 p.m. on a given business day cannot be completed on the third following business day, the Warehouseman shall allocate daily loadings against such loading orders as equitably as possible on a pro rata basis on subsequent business days.

Loading against all truck orders scheduled for a given business day shall be completed before loading begins on any orders scheduled for a subsequent business day. Warehouseman will load tank trucks as promptly as possible on the day scheduled. Under no conditions will the warehouseman be responsible for truck demurrage as long as it is loaded on the day scheduled. Additional loadings may be arranged for by mutual agreement.

- (k) Notwithstanding any other provisions of this Rule, on days when both rail cars and trucks are loaded, the warehouseman shall be required to load at a minimum daily rate equal to the equivalent of the Warehouseman's registered daily rate of loading rail tank cars.

All rail and truck loading orders received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Loading orders received after 2:00 p.m. on a business day shall be considered dated the following business day. When loading against loading orders and shipping instructions received by a Warehouseman prior to 2:00 p.m. on a given business day, as determined hereunder, cannot be completed on the third following business day, the Warehouseman shall allocate daily loading against such loading orders as equitably as possible on a pro-rata basis on subsequent business days. Loading against orders scheduled for a given business day shall be completed before loading of any orders for a subsequent business day.

- (l) To keep stocks of Crude Soybean Oil in storage in balance with oil represented by outstanding warehouse receipts.

It shall be the privilege of all regular warehouses to mingle or store together oil which is deliverable on contracts for future delivery under these Rules, with other oil of like type.

- (m) Certification of Soybean Oil - Upon written request by a taker of delivery at the time loading orders are submitted for the delivery of soybean oil against canceled warehouse receipts, the delivery warehouseman shall certify in writing to the taker of delivery on the day that the transportation conveyance is loaded that the soybean oil is produced from soybeans of U.S. origin only.

**12109.C. Responsibility for Furnishing Tank Cars**

It shall be the responsibility of the buyer of Crude Soybean Oil on a futures contract to furnish tank cars when ordering Soybean Oil shipped from a warehouse.

**12109.D. Car Ready for Loading**

A car is ready for loading when it has been constructively placed and when the Warehouseman has used due diligence in preparing and placing the car on his property for loading.

**12110. BILLING**

**12110.A. Freight Charges**

A warehouseman that is not served by a Class I railroad must compensate the taker of delivery for the switching charge and/or the rail rate to the nearest Class I railroad interchange point for the movement of soybean oil beyond the interchange point by the Class I railroad, if requested by the owner of the soybean oil. The request must be in writing when loading orders and canceled warehouse receipts are presented to the warehouse.

**12110.B. Fees**

Sampling: The charge for drawing Official samples shall be \$5.00 for each tank car or truck on inbound shipments to a warehouse.

If sampling is ordered at a location where an Official Sampler is not regularly located, all extra costs must be paid by the party ordering the sample.

These charges shall include the cost of delivering the samples to the Official Chemists.

**12110.C. Loading Charges**

The maximum charge for loading tank cars at the delivery point shall not exceed 1/40<sup>th</sup> of one cent per pound and the combined charge for unloading and loading tank cars at the delivery point shall not exceed 1/10<sup>th</sup> of one cent per pound including heating. The maximum charge for loading tank trucks at the delivery point shall not exceed 1/25<sup>th</sup> of one cent per pound.

**SPECIAL NOTICES RELATING TO CHAPTER 12**

**Soybean Oil Delivery Differentials in Cents Per 100 lbs.**

For Delivery Months January through December 2008

<b>DELIVERY TERRITORY DIFFERENTIALS*</b>
<b>Warehouse Location</b>
<b>Illinois Territory: PAR</b>
Bloomington, IL
Danville, IL
Decatur, IL
Galesburg, IL
Gibson City, IL
Quincy, IL
<b>Eastern Territory: (20)</b>
Decatur, IN
Frankfort, IN
Lafayette, IN
Logansport, IN
<b>Eastern Iowa Territory: (50)</b>
Ackley, IA
Buffalo, IA
Cedar Rapids, IA
Cedar Rapids (E), IA
Des Moines, IA
Iowa Falls, IA
Mason City, IA
<b>Southwest Territory: 45</b>
Kansas City, MO
Mexico, MO
St. Joseph, MO
Emporia, KS
<b>Northern Territory: (75)</b>
Dawson, MN
Mankato, MN
Volga, SD
<b>Western Territory: (15)</b>
Eagle Grove, IA
Emmetsburg, IA
Manning, IA
Sergeant Bluff, IA
Sheldon, IA
Lincoln, NE
Omaha, NE

\* Differentials enclosed by parentheses ( ) are discounts.