(ii) Does not comprise separate long and short positions.

(5) The spread transaction definition does not include a spread position involving a commodity index contract and one or more referenced contracts.

(c) *Guidance on cash-and-carry exemptions.* The spread transaction definition in §150.1 would permit transactions commonly known as ''cash-and-carry'' trades whereby a market participant enters a long futures position in the spot month and an equivalent short futures position in the following month, in order to guarantee a return that, at minimum, covers the costs of its carrying charges, *such as* the cost of financing, insuring, and storing the physical inventory until the next expiration (including insurance, storage fees, and financing costs, as well as other costs such as aging discounts that are specific to individual commodities). With this exemption, the market participant is able to take physical delivery of the product in the nearby month and may redeliver the same product in a deferred month. When determining whether to grant, and when monitoring, cash-and-carry spread transaction exemptions, the exchange should consider:

(1) Implementing safeguards to require a market participant relying on such an exemption to reduce its position below the speculative Federal position limit within a timely manner once market prices no longer permit entry into a full carry transaction;

(2) Implementing safeguards that require market participants to liquidate all long positions in the nearby contract month before the price of the nearby contract month rises to a premium to the second (2nd) contract month; and

(3) Requiring market participants that seek to rely on such exemption to:

(i) Provide information about their expected cost of carrying the physical commodity, and the quantity of stocks currently owned in exchange-licensed warehouses or tank facilities; and

(ii) Agree that before the price of the nearby contract month rises to a premium to the second (2nd) contract month, the market participant will liquidate all long positions in the nearby contract month.

[86 FR 3475, Jan. 14, 2021]

PART 151 [RESERVED]

PART 155—TRADING STANDARDS

Sec.

AUTHORITY: 7 U.S.C. 6b, 6c, 6g, 6j and 12a, unless otherwise noted.

§ 155.1 Definitions.

For purposes of this part, the term *affiliated person* of a futures commission merchant or of an introducing broker means any general partner, officer, director, owner of more than ten percent of the equity interest, associated person or employee of the futures commission merchant or of the introducing broker, and any relative or spouse of any of the foregoing persons, or any relative of such spouse, who shares the same home as any of the foregoing persons.

(Approved by the Office of Management and Budget under control numbers 3038–0007 and 3038–0022)

[46 FR 63036, Dec. 30, 1981, and 48 FR 35304, Aug. 3, 1983]

§ 155.2 Trading standards for floor brokers.

Each contract market shall adopt rules which shall, at a minimum, with respect to each member of the contract market acting as a floor broker:

(a) Prohibit such member from purchasing any commodity for future delivery, purchasing any call option, or selling any put option, for his own account or for any account in which he has an interest, while holding an order of another person for the (1) purchase of any future, (2) purchase of any call option, or (3) sale of any put option, in the same commodity which is executable at the market price or at the price at which such purchase or sale can be made for the member's own account or any account in which he has an interest.

(b) Prohibit such member from selling any commodity for future delivery, selling any call option, or purchasing any put option, for his own account or for any account in which he has an interest, while holding an order of another person for the (1) sale of any future, (2) sale of any call option, or (3) purchase of any put option, in the same commodity which is executable at the market price or at the price at which such sale or purchase can be made for