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Special Executive Report

S-4220

March 1, 2005

INCREASED NON-SPOT SPECULATIVE POSITION LIMITS FOR CME LEAN HOGS

At its Regular Meeting on January 31, the Board of Directors approved an increase in the non-spot month speculative position limits for CME Lean Hogs futures and options. The non-spot month position limit will increase from 2400 to 3100 contracts. The increase was approved by the CFTC on February 25. The increase will become effective for all contract months on March 1.

Rule amendments for the increase are noted below. Deletions are overstruck and additions are underlined.

LEAN HOG FUTURES

15202. FUTURES CALL

E. Position Limits

No person shall own or control more than:

1. ~~2,400~~ 3,100 contracts long or short in any contract month;
2. 950 contracts long or short in the expiring contract month as of the close of business on the fifth business day of the contract month.

For positions involving options on Lean Hogs futures, this rule is superseded by the option speculative position limit rule.

OPTIONS ON LEAN HOG FUTURES

152A01. OPTION CHARACTERISTICS

F. Position Limits

No person shall own or control a combination of options and underlying futures that exceeds:

1. ~~2,400~~ 3,100 futures equivalent contracts net on the same side of the market in any contract month;
2. 950 futures equivalent contracts net on the same side of the market in the expiring contract month as of the close of business on the fifth business day of the contract month.

For purposes of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and along underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

If you have any questions about this matter, please contact Jack Cook, Associate Director, Commodity Product Development at (312) 930-3295 or Paul Peterson, Director, Commodity Product Development, at 312/930-4587 or Ken Lovett, Associate Director, Market Surveillance at 312/930-3257 or Eric Wolff, Managing Director, Regulatory Affairs at 312/930-3255.