



20 South Wacker Drive
Chicago, IL 60606-7499
www.cme.com

312/930.1000 *tel*
312/466.4410 *fax*

Special Executive Report

S-4418

February 28, 2006

INCREASED NON-SPOT MONTH SPECULATIVE POSITION LIMITS FOR CME LEAN HOGS AND CME LIVE CATTLE

The Exchange and the CFTC have approved increases in the non-spot month speculative position limits for futures and options in CME Lean Hogs and CME Live Cattle. The non-spot month position limit for lean hogs will increase from 3100 to 3350 contracts. The non-spot month position limit for live cattle will increase from 3600 to 4150 contracts. The increases will become effective for all contract months on March 20, 2006.

Rule amendments for the increases 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. ~~[3,100]~~ 3,350 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For positions involving options on Lean Hogs futures, this rule is superseded by the option speculative position limit rule.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. ~~[3,100]~~ 3,350 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 a long 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.

LIVE CATTLE FUTURES

10102. FUTURES CALL

E. Position Limits

1. For futures contracts in the even month cycle

No person shall own or control more than:

- a. [~~3,600~~] 4,150 contracts long or short in any contract month;
- b. 450 contracts long or short in the expiring contract month as of the close of business on the first business day following the first Friday of the contract month;
- c. 300 contracts long or short in the expiring contract month as of the close of business on the business day immediately preceding the last five business days of the contract month.

2. For futures contracts in the odd month cycle

No person shall own or control more than:

- a. [~~3,600~~] 4,150 contracts long or short in any contract month;
- b. 300 contracts long or short in the expiring contract month as of the close of business on the first business day following the first Friday of the contract month.

For positions involving options on Live Cattle futures, this rule is superseded by the option speculative position limit rule.

OPTIONS ON LIVE CATTLE FUTURES

101A01. OPTION CHARACTERISTICS

F. Position Limits

No person shall own or control a combination of options and underlying futures that exceeds [~~3,600~~] 4,150 futures equivalent contracts net on the same side of the market in any contract month.

For the purpose 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 a long 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.