

# SUBMISSION COVER SHEET

Exchange Identifier Code (optional) 05-96

Date **October 10, 2005**

**ORGANIZATION**

CME

**FILING AS A:**

**DCM**

**DCO**

**DTEF**

**TYPE OF FILING**

- **Rule Amendments**

Self-Certification Under Reg. 40.6(a)

Commission Approval Requested Under Reg. 40.5 or 40.4 (a)

Notification of Rule Amendment Under Reg. 40.6(c)

Non-Material Agricultural Rule Change Determination Under Reg. 40.4(b)

- **New Products**

Self-Certification Under Reg. 40.2 or 41.23

Commission Approval Requested Under Reg. 40.3

**RULE NUMBERS**

**DESCRIPTION (Rule Amendments Only)**

An increase in the spot position limits for cash-settled butter from 50 to 100.



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

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

October 10, 2005

Ms. Jean A. Webb  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

Re: Section 5c(c)(1), Regulation 40.5 Submission. Commission Approval Requested for  
Changes to Rules 5602.E. and 56A01.F., POSITION LIMITS  
Submission #05-96

Dear Ms. Webb:

In December 2004, the size of the cash-settled butter contract was reduced from 40,000 lbs to 20,000 lbs, per CFTC Submission #04-113. At that time the size of the spot month position limits should have been increased to 100 from 50 to compensate for the reduction of the overall size of the contract. Increasing the spot month position limit to the requested 100 merely brings the amount of butter (in pounds) up to the previous limits under the old contract size. Therefore, CME is requesting Commission approval of these rule changes under Regulation 40.5.

Supplemental material attached to this submission in graphic form includes "CME Spot Butter Trading" activity and the "NASS Weekly Butter Survey", both of which cover years 2000 through 2005 year-to-date. The NASS survey is used to settle this contract. Notice that there are only 3 times in the past 5 plus years in which the amount of butter in the NASS survey falls below 2 million pounds, which corresponds to 100 contracts at the current contract size of 20,000 lbs. The data demonstrates that this request is reasonable and warranted. Data will also be supplied to CFTC staff under separate cover in an Excel spreadsheet format.

The Exchange certifies that cash settled butter complies with the Act and rules thereunder.

The amendments are as follows, with additions underlined and deletions bracketed and overstruck.

**5602.E. Position Limits**

No person shall own or control more than:

1. 500 contracts long or short in any contract month;
2. [~~50~~] 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.

**56A01.F. Position Limits**

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

1. 500 futures equivalent contracts net on the same side of the market in any contract month.
2. [~~50~~] 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 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.

These changes will be effective upon Commission approval.

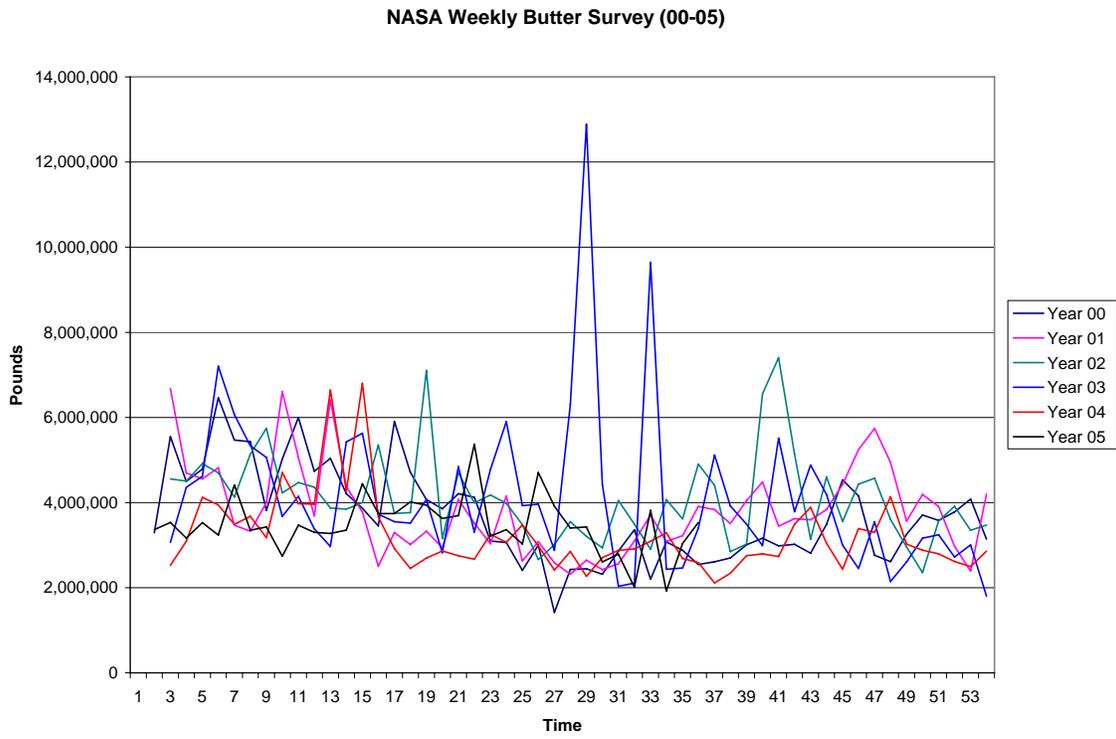
If you require any additional information regarding this action, please do not hesitate to contact Mr. Charles Piszczor at 312-930-4536 or via e-mail at [cpiszczor@cme.com](mailto:cpiszczor@cme.com). We would be appreciative if you could reference our CME Submission #05-96 in any related correspondence.

Sincerely,



John W. Labuszewski, Managing Director  
Research & Product Development

(Attachments)



**CME Spot Butter Trading  
(Monday-Wednesday-Friday)  
(2000-2005)**

