

# SUBMISSION COVER SHEET

Exchange Identifier Code (optional) 06-04

Date January 23, 2006

**ORGANIZATION**

CME

**FILING AS A:**

**DCM**

**DCO**

**DTEF**

**TYPE OF FILING**

- **Rule Amendments**

Self-Certification Under Reg. 40.6(a) or 41.24

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**

10102 and 101A01

**DESCRIPTION (Rule Amendments Only)**

increase Live Cattle non-spot month position limits

January 23, 2006

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

Re: Regulation §40.5. Request for Commission Rule Approval of Amendments to CME Rules 10102 and 101A01.  
CME Submission #06-04.

Dear Ms. Webb,

I. SUBMISSION

In accordance with Regulation §40.4, Chicago Mercantile Exchange Inc. ("CME") hereby requests review and approval, under the provisions of Regulation §40.5, of amendments to CME Live Cattle Futures Rule 10102.E and Options on CME Live Cattle Futures Rule 101A01.F.

II. TEXT OF PROPOSED RULE CHANGES

The text of the proposed rule amendments is given below. Deletions are bracketed and overstruck, additions are underlined.

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For positions involving options on Live Cattle futures, this rule is superseded by the option speculative position limit rule.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

### III. EFFECTIVE DATE AND RULE PROMULGATING AUTHORITY

CME, pursuant to Rule 230.j., approved these proposed amendments on January 19, 2006. The amendments will become effective for all contract months after Commission approval.

### IV. OPERATION, PURPOSE AND EFFECT OF THE PROPOSED AMENDMENTS

The amendments increase the speculative position limits of Live Cattle futures and options for non-spot contract months.

The increase for non-spot contract months is based on the increased levels of open interest in the last year for the nearby futures and options contract months. The level of 4,150 contracts was arrived at using a formula established by Regulation §150.5(c)(2). The data used in the calculation has been sent electronically to the Commission's staff for review.

### V. OPPOSING VIEWS

There were no substantive opposing views to the proposed amendments.

### VI. APPLICATION OF THE ACT AND REGULATIONS

There does not appear to be any need for amendment or interpretation of the Act and Regulations in order to approve the proposed amendments.

### VII. CONFIDENTIAL TREATMENT

Confidential treatment is not requested for this submission.

If I or my staff can assist in the review process, please do not hesitate to call.

Sincerely,

A handwritten signature in cursive script, appearing to read "John W. Labuszewski".

John W. Labuszewski, Managing Director  
Research & Product Development