



20 South Wacker Drive Chicago, IL 60606-7499 www.cme.com 312/930.1000 tel 312/466.4410 fax

May 26, 2006

Ms. Eileen Donovan Office of the Secretariat Commodity Futures Trading Commission Three Lafayette Centre 1155 21st Street, NW Washington DC 20581

RECEIVED C.F.T.C. 2006 MAY 26 PM 4:05 OFC. OF THE SECRETARIAT

RE: Section 5c(c)1 and Regulation 40.6 Submission. Exchange Certification of the Termination of the Serial Month Live Cattle Permit Program and Delisting of the Serial (Odd Month) Live Cattle Futures Months. Amendments to CME Rule 139, Interpretation of Rule 135.A., and CME Rule 10102.E. CME Submission #06-50.

Dear Ms. Webb:

On May 24, 2006, the Exchange approved the termination of the Serial Month Live Cattle Permit Program and the delisting of the serial (odd month) Live Cattle futures months, following a lack of trading activity for more than a year. Notice that this action does not affect in any way the regular (even month) Live Cattle futures months.

Rule amendments relating to these changes are presented below, with additions underscored and deletions bracketed and overstruck:

CHAPTER 1 Membership

136.— 13[8]9.[RESERVED]

[139.— SERIAL MONTH LIVE CATTLE PERMIT PROGRAM

139.A.— Number of Permits

The Exchange shall authorize and issue as many Serial Month Live Cattle Permits as necessary to meet the demand for the Program.

~~139.B. Eligibility and Approval~~

~~An applicant for a Serial Month Live Cattle Permit must meet all conditions for and be a member of the Exchange. The Permit holder shall be subject to the rules of the Exchange and must be qualified by a CME clearing member. The foregoing qualifications must be met at all times that an individual holds a Permit.~~

~~139.C. Term of Permits~~

~~A Serial Month Live Cattle Permit shall be valid for a period of one year, beginning with the date of issuance to the Permit holder. Serial Month Live Cattle Permits may be renewed or terminated at any time with the approval of the Board of Directors.~~

~~139.D. Cost of Permits~~

~~Serial Month Live Cattle Permits will be offered at a price of \$1,000 per year with payments to be remitted at the start of each quarter.~~

~~139.E. Serial Month Live Cattle Permit Holder Privileges~~

~~A Serial Month Live Cattle Permit holder may trade and broker in the Live Cattle serial months until the Program or Permit termination date.~~

~~Permit holders participating in the Serial Month Live Cattle Permit Program may enter orders either on or off the trading floor for specified futures in even month Live Cattle contracts as part of a spread transaction with the serial (odd) month Live Cattle futures contracts where either leg of the spread may be executed first.~~

~~In addition to existing trading privileges currently provided for the membership held, a Serial Month Live Cattle Permit holder may trade or enter orders while on the trading floor only in Live Cattle serial (odd) and even month futures contracts.~~

~~139.F. Additional Limitations on Serial Month Live Cattle Permit Holders~~

- ~~1. A Serial Month Live Cattle Permit conveys no equity to the holder at expiration.~~
- ~~2. A Serial Month Live Cattle Permit does not entitle the holder to voting privileges, or attendance at member social functions.~~

~~139.G. Jurisdiction~~

~~The Serial Month Live Cattle Permit Program shall be under the jurisdiction of Exchange staff.~~

~~139.H. Non-Compliance~~

~~Serial Month Live Cattle Permit holders are subject to all rules and regulations of the Exchange that apply to members, except as described herein.]~~

(End of Rule 139)

INTERPRETATION OF RULE 135.A. REGARDING ALLOWABLE SPREADS FOR GEM MEMBERS

(CME Update 96-7, March 25, 1996. Revised June 1997, July 1997, November 2000, November 2001, March 2003, January 2004, June 2004, August 2004, September 2004, October 2004, December 2005, June 2006.)

Rule 135.A. provides that GEM members may not while on the floor of the Exchange enter orders for products of other Divisions except for bona fide spread transactions involving products within the GEM Division and that GEM members may not solicit business from the floor of the Exchange except for business in products traded in the GEM Division and bona fide spread involving such products.

The only allowable spreads involving non-GEM products that GEM members may enter into or solicit while on the trading floor are listed below:

GSCI	with	Live Cattle and Lean Hogs
Russell 2000	with	S&P 500, S&P Mid-Cap, E-Mini S&P 500
E-Mini Russell 1000	with	E-Mini S&P 500
S&P/Barra Growth and Value	with	S&P 500, S&P Mid-Cap, E-Mini S&P 500
[Live Cattle Serial (Odd) Months	with	Live Cattle Even Months*]
East European Currencies	with	Euro FX
European style currency options	with	British pound, Canadian dollar, Euro FX, Japanese yen and Swiss franc futures or American style options on these futures
CME\$INDEX™	with	Euro FX, Japanese yen, British pound, Swiss franc, Australian dollar, Canadian dollar, Swedish krona
E-Mini NASDAQ Composite	with	E-Mini NASDAQ-100, E-Mini S&P 500, E-Mini S&P MidCap 400, E-Mini Russell 2000, S&P SmallCap 600, E-Mini Russell 1000, Financial SPCTR, Technology SPCTR.
CPI	with	Eurodollar
Yen Denominated Nikkei 225	with	Dollar Denominated Nikkei 225
HICP	with	Eurodollar, CPI

~~[*Provided the GEM member also maintains a Serial Month Live Cattle Permit.]~~

When such spreads are executed on a legged basis, the GEM leg of the spread must always precede the non-GEM leg ~~[with the exception of the Live Cattle Serial Months/Live Cattle Even Months spread where either leg may be executed first]~~. Please note that these restrictions do not apply to spreads in which all of the component parts are GEM products.

(End of Interpretation of Rule 135.A.)

CHAPTER 101 Live Cattle Futures

10102. FUTURES CALL

10102.E. Position Limits

~~[1. For futures contracts in the even month cycle]~~

No person shall own or control more than:

- a. 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. 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.

(End of Rule 10102.E.)

These changes will be effective on Monday, June 5, 2006, following notification of market participants.

The Exchange certifies that these amendments comply with the Commodity Exchange Act and the rules thereunder.

If you have any questions regarding this submission, please contact Mr. Paul Peterson at (312) 930-4587 or via e-mail at ppeterso@cmc.com . Please refer to CME Submission #06-50 in all correspondence regarding this matter.

Sincerely,



John W. Labuszewski, Managing Director
Research & Product Development