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July 20, 2006

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Ms. Eileen A. Donovan  
Acting Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

OFFICE OF THE SECRETARIAT

Reference File # 2701.01  
Rule Certification

Dear Ms. Donovan:

Pursuant to Commission Regulation 40.6(a), the Chicago Board of Trade (CBOT<sup>®</sup>) hereby submits the following:

- **Amendments to CBOT Rulebook Appendix 4C and Regulation 425.05 per the attached texts (additions underlined, deletions struck through).**

These amendments will modify spot month position limits (applicable during the last ten trading days) for CBOT Treasury futures as indicated below.

Under revised Appendix 4C, the limits for Five-Year Treasury Notes will increase from 35,000 to 45,000 contracts; the limits for Ten-Year Treasury Notes will increase from 50,000 to 60,000 contracts.

Regulation 425.05, as amended, will establish revised aggregation standards for Treasury futures position limits. In determining compliance with these limits, all positions in accounts for which the person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading shall be aggregated, except as otherwise exempted in accordance with amended Regulation 425.05. The limits also apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding.

Under the current aggregation standards for Treasury futures position limits, independently controlled accounts of different legal entities are disaggregated, irrespective of whether the entities are affiliated, while independently controlled accounts of the same legal entity are aggregated.

The revised standards maintain the exemption from aggregation for the independently controlled accounts of separate legal entities. The revised standards also establish new exemptions for independently controlled accounts of eligible entities, as defined in Commodity Futures Trading Commission Regulation 150.01(d).

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The CBOT intends to implement these amendments for March 2007 and subsequent contract months in CBOT Long Term Treasury Bond and Two-Year, Five-Year and Ten-Year Treasury Note futures.

There were no opposing views among the CBOT Board of Directors concerning these amendments.

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

Sincerely,

Paul J. Draths  
Vice President and Secretary

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Additions underlined; deletions struck through

#### Appendix 4C

#13 In the last ten trading days of the expiring futures month, the following position limits in the expiring contract will apply: U.S. Treasury Bonds – 25,000 contracts; U.S. Treasury Notes (6½ - 10 Year) – ~~50,000~~ 60,000 contracts; U.S. Treasury Notes (5 Year) – ~~35,000~~ 45,000 contracts; U.S. Treasury Notes (2 Year) – 25,000 contracts. No hedge exemptions will be permitted with respect to these limits.

#### 425.05 Exemption from Aggregation for Position Limit Purposes

- (a) Positions carried for an eligible entity, as defined in Commodity Futures Trading Commission Regulation 150.1(d), on behalf of customers and in a separate account or accounts of an independent account controller, as defined in Commodity Futures Trading Commission Regulation 150.1(e), may exceed the position limits set forth in Regulation 425.01, to the extent such positions are Treasury futures positions or positions not for the spot month in any other commodity. However, the overall positions held or controlled by each such independent account controller may not exceed the limits specified in Regulation 425.01.
- (b) Additional Requirements for Exemption of Affiliated Entities - If the independent account controller is affiliated with the eligible entity or another independent account controller, each of the affiliated entities must:
  - 1) Have, and enforce, written procedures to preclude the affiliated entities from having knowledge of, gaining access to, or receiving data about, trades of the other. Such procedures must include document routing, and other procedures or security arrangements, including separate physical locations, which would maintain the independence of their activities. However, such procedures may provide for the disclosure of information which is reasonably necessary for an eligible entity to maintain the level of control consistent with its fiduciary responsibilities and necessary to fulfill its duty to supervise diligently the trading done on its behalf;
  - 2) Trade such accounts pursuant to separately developed and independent trading systems and market such trading systems separately; and
  - 3) Solicit funds for such trading by separate Disclosure Documents that meet the standards of Commodity Futures Trading Commission Regulations 4.24 or 4.34, as applicable.
- (c) Additionally, Treasury futures positions carried in independently controlled accounts owned by different legal entities, irrespective of whether the entities qualify as eligible entities, may exceed the position limits set forth in Regulation 425.01 provided that affiliated legal entities meet the independence standards specified in (b) above and provided that the overall positions held or controlled by each such independent account controller may not exceed the limits specified in Regulation 425.01.
- (d) Positions held by futures commission merchants or their separately organized affiliates in customer discretionary accounts or guided account programs controlled by independent

traders will be exempt from aggregation in accordance with the standards set forth in Commodity Futures Trading Regulation 150.4(d).

- (e) (e) Upon request by the Exchange, any person claiming an exemption from speculative position limits under this Regulation must provide to the Exchange such information as specified in the request relating to the positions owned or controlled by that person; trading done pursuant to the claimed exemption; the futures, options, or cash market positions which support the claim of the exemption; and the relevant business relationships supporting a claim of exemption.