

August 29, 2003

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

Reference File #2354.01  
New Contract Certification &  
Rule Certification

Dear Ms. Webb:

The Chicago Board of Trade (CBOT<sup>®</sup>) hereby submits the following (copies attached):

- **Pursuant to Commission Rule 40.2, terms and conditions for CBOT Soybean Board Crush Spread options, which are intended to be listed for trading by certification; and**
- **Pursuant to Commission Rule 40.6, amendments to Regulation 425.01 and 1007.02 which will establish position limits, reportable position levels and Modified Closing Call provisions for the referenced new option contract.**

The CBOT certifies that the initial terms and conditions of the referenced contract and the referenced regulation amendments comply with the Commodity Exchange Act and the rules thereunder.

There were no opposing views among the CBOT's Board of Directors regarding these provisions.

The CBOT intends to implement the referenced provisions no sooner than one business day following the Commission's receipt of this filing.

Sincerely,

Paul J. Draths  
Vice President and Secretary

ATTACHMENTS  
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## Chapter XX

### CBOT® Soybean Board Crush Spread Options

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#### Trading Conditions

**XX00.01 Authority** - Trading in put and call options on the Soybean Board Crush Spread may be conducted under such terms and conditions as may be prescribed by regulation.

**XX01.01 Application of Regulations** - Transactions in put and call options on the Soybean Board Crush Spread shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this Chapter which are exclusively applicable to trading in put and call options on the Soybean Board Crush Spread. Options on the Soybean Board Crush Spread are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures.

**XX02.01 Nature of Soybean Board Crush Spread Put Options** - The buyer of one (1) Soybean Board Crush Spread put option may exercise his option at any time prior to expiration (subject to Regulation XX07.01), to assume a long position in ten (10) Soybean futures contracts of a specified contract month, a short position in eleven (11) Soybean Meal futures contracts of a specified contract month, and a short position in nine (9) Soybean Oil futures contracts of a specified contract month at a strike price set at the time the option was purchased. The seller of one (1) Soybean Board Crush Spread put option incurs the obligation of assuming a short position in ten (10) Soybean futures contracts of a specified contract month, a long position in eleven (11) Soybean Meal futures contracts of a specified contract month, and a long position in nine (9) Soybean Oil futures contracts of a specified contract month at a combination of prices such that the Soybean Board Crush Spread equals the strike price set at the time the option was sold, upon exercise by a put option buyer.

**XX02.02 Nature of Soybean Board Crush Spread Call Options** - The buyer of one (1) Soybean Board Crush Spread call option may exercise his option at any time prior to expiration (subject to Regulation XX07.01), to assume a short position in ten (10) Soybean futures contracts of a specified contract month, a long position in eleven (11) Soybean Meal futures contracts of a specified contract month, and a long position in nine (9) Soybean Oil futures contracts of a specified contract month at a strike price set at the time the option was purchased. The seller of one (1) Soybean Board Crush Spread call option incurs the obligation of assuming a long position in ten (10) Soybean futures contracts of a specified contract month, a short position in eleven (11) Soybean Meal futures contracts of a specified contract month, and a short position in nine (9) Soybean Oil futures contracts of a specified contract month at a combination of prices such that the Soybean Board Crush Spread equals the strike price set at the time the option was sold, upon exercise by a call option buyer.

**XX03.01 Trading Unit** – One (1) Soybean Board Crush Spread is ten (10) Soybean futures contracts of a specified contract month, eleven (11) Soybean Meal futures contracts of a specified

contract month, and nine (9) Soybean Oil futures contracts of a specified contract month on the Board of Trade of the City of Chicago, Inc.

The Soybean Board Crush Spread is based on the formula for calculating the conventional gross processing margin when a bushel of soybeans weighing 60 pounds is “crushed” to produce 44 pounds of 48% protein soybean meal, 11 pounds of soybean oil, 4 pounds of hulls, and 1 pound of waste.

The Soybean Board Crush Spread is calculated in \$/bushel as:

$$\text{Soybean Meal in } \$/\text{ton} \times 0.022 + \text{Soybean Oil in } \$/\text{cwt} \times 0.11 - \text{Soybeans in } \$/\text{bushel}$$

**XX04.01 Strike Prices** - Trading shall be conducted for put and call options with strike prices in integral multiples of five (5) cents per bushel per Soybean Board Crush Spread. At the commencement of trading for such option contracts, the following strike prices shall be listed: one with a strike price closest to the previous day's Soybean Board Crush Spread price, the next ten (10) consecutive higher and the next ten (10) consecutive lower strike prices closest to the previous day's Soybean Board Crush Spread price; and all strike prices listed for all other option contract months listed at the time. If the previous day's settlement price is midway between two strike prices, the closest price shall be the larger of the two. When a sale in the underlying Soybean Board Crush Spread occurs at a price greater than or equal to the tenth largest strike price, a new strike price one increment higher than the existing strike prices will be added. When a sale in the underlying Soybean Board Crush Spread occurs at a price less than or equal to the tenth smallest strike price, a new strike price one increment lower than the existing strike prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all option contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

**XX05.01 Payment of Option Premium** - The option premium must be paid in full by each clearing member to the Clearing Services Provider and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

**XX06.01 Option Premium Basis** - The premium for Soybean Board Crush Spread options shall be in multiples of one quarter (1/4) cent per bushel, or two hundred fifty (\$250.00) dollars per contract.

However, when both sides of the trade are closing transactions, the option premium may range from \$10.00 to \$250.00 in \$10.00 increments per option contract.

**XX07.01 Exercise of Option** - The buyer of a Soybean Board Crush Spread option may exercise the option on any business day up to and including the day such option expires by giving notice of exercise to the Clearing Services Provider by 6:00 p.m. Chicago time, or by such other

time designated by the Exchange, on such day. In-the-money options\*\* that have not been liquidated or exercised on the last day of trading in such option shall be automatically exercised in the absence of contrary instructions delivered to the Clearing Services Provider by 6:00 p.m. Chicago time, or by such other time designated by the Exchange, on the last day of trading by the clearing member representing the option buyer.

If a component contract month's settlement price is unavailable for any reason or a component contract month's settlement price is "close on the limit bid" or "close on the limit sellers", then the value for the Soybean Board Crush Spread shall be the midpoint of the last bid and ask of the Soybean Board Crush Spread unless extenuating circumstances exist under which the Pit Committee can justify setting the Soybean Board Crush Spread at a price different from the midpoint. If the Soybean Board Crush Spread differs from the midpoint of the last bid and ask of the Soybean Board Crush Spread, then the Pit Committee is required to document the basis for the deviation. Such documentation must be signed by two members of the Pit Committee.

**XX07.02 Assignment of Exercise Prices to the Legs of the Soybean Board Crush Spread Option** – Upon the exercise of a Soybean Board Crush Spread option the Clearing Services Provider assigns prices to the legs of the Soybean Board Crush Spread in the following manner:

- a. assigned Soybean Meal price equals the Soybean Meal settlement price on the day of exercise rounded to the nearest \$5.00/ton if the Soybean Meal settlement price is less than \$200/ton or rounded to the nearest \$10.00/ton if the Soybean Meal settlement price is greater than or equal to \$200/ton, rounding up in the case of a tie.
- b. assigned Soybean Oil price equals the Soybean Oil settlement price on the day of exercise rounded to the nearest \$.50/cwt if the Soybean Oil settlement price is less than \$30/cwt or rounded to the nearest \$1.00/cwt if the Soybean Oil settlement price is greater than or equal to \$30/cwt, rounding up in the case of a tie.
- c. assigned Soybean price equals .022 times the assigned Soybean Meal price in \$/ton plus .11 times the assigned Soybean Oil price in \$/cwt minus the Strike Price of the Soybean Board Crush Spread option in \$/bu.

**XX08.01 Expiration of Option** - Unexercised Soybean Board Crush Spread options shall expire at 6:00 p.m. Chicago time on the day of termination of trading. (See Regulation XX13.01.)

**XX09.01 Months Traded In** - Trading in Soybean Board Crush Spread options may be scheduled in such months as determined by the Exchange.

**XX10.01 Trading Hours** - The hours of trading of options on the Soybean Board Crush Spread shall be determined by the Exchange. On the last day of trading in an expiring option, the closing time for such options shall be the same as the close of trading of the Regular Daytime open outcry trading session for the corresponding Soybean Board Crush Spread, subject to the provisions of the second paragraph of Rule 1007.00. On the last day of trading in an expiring option, the

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\*\* An option is in-the-money if the settlement price of the underlying Soybean Board Crush Spread is less in the case of a put, or greater in the case of a call, than the exercise price of the option.

expiring Soybean Board Crush Spread options shall be closed with a public call made striking price by striking price, conducted by such persons as the Exchange shall direct. On all other days, Soybean Board Crush Spread options shall be opened and closed for all months and striking prices simultaneously or in such a manner as the Exchange shall direct.

**XX11.01 Position Limits and Reportable Positions** - (See Regulation 425.01)

**XX12.01 Margin Requirements** - Margin requirements shall be as determined by the Exchange.

**XX13.01 Last Day of Trading** - No trades in Soybean Board Crush Spread options expiring in the current month shall be made after the close of trading of the Regular Daytime open outcry trading session for the corresponding Soybean Board Crush Spread on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday.

**XX14.01 Option Premium Fluctuation Limits** -Trading is prohibited during any day except for the last day of trading in a Soybean Board Crush Spread option at a premium of more than the trading limit for the Soybean futures contract above and below the previous day's settlement premium for that option as determined by the Clearing Services Provider. On the first day of trading, limits shall be set from the lowest premium of the opening range.

Additions are underlined

425.01 Position Limits -

(b) Except as provided in Regulations 425.03, 425.04 and 425.05, the positions which any person may own, control, or carry are as follows:

(Note: All position limits and reportable positions are in number of contracts and are based on futures or \*Net Equivalent Futures Positions.

\*Please see section (a) of this Regulation for definition.

CONTRACT	*SPOT MONTH	*SINGLE MONTH	*ALL MONTH	*REPORTABLE FUTURES LEVEL	*REPORTABLE OPTIONS LEVEL
Soybeans and CBOT® mini-sized Soybeans	600 (aggregate, see#10)	3,500 (aggregate, see#1,10)	5,500 (aggregate, see#1,4,10)	100 (individual, see#11)	100
...	...	...	...	...	...
Soybean Oil	540	3,000 (see#1,7)	4,000 (see#1,7)	200	200
Soybean Meal	720	3,000 (see#1,7)	4,000 (see#1,7)	200	200
<b><u>CBOT® Soybean Board Crush Option</u></b>	<b><u>N/A</u></b>	<b><u>1,000</u></b> <b><u>(see#1,7)</u></b>	<b><u>1,000</u></b> <b><u>(see#1,7)</u></b>		<b><u>100</u></b>

1007.02 Modified Closing Call - Immediately following the prescribed closing procedure for all contracts, there shall be a two (2) minute trading period (the "modified closing call"). All trades which may occur during regularly prescribed trading hours may occur during the call at prices within the lesser of the actual closing range or a range of three (3) official trading increments, i.e., one (1) increment above and below the settlement price; at prices within the lesser of the actual closing range or a range of five (5) official trading increments, i.e., two (2) increments above and below the settlement price; or at prices within the lesser of the actual closing range or a range of nine (9) official trading increments, i.e., four (4) increments above and below the settlement price, as the Regulatory Compliance Committee shall prescribe; (ii) no new customer orders may be entered into the call; (iii) cancellations may be entered into the call; (iv) stop, limit and other resting orders elected by prices during the close may be executed during the call; (v) individual members may trade as a principal and/or agent during the call; (vi) individual members may enter orders for their own accounts into the call; and (vii) member firms, and those entities which are wholly-owned by member firms or that wholly-owned member firms, trading for such firms' or entities' own proprietary accounts may initiate trades or enter orders into the call. The proposed settlement price shall be the midpoint of the closing range unless extenuating circumstances exist under which the pit committee can justify setting the proposed settlement price at a price different from the midpoint. If the proposed settlement price differs from the midpoint of the closing range, then the pit committees are required to document the basis for the deviation. Such documentation must be signed by

two members of the pit committee.

In accordance with the determination of the Regulatory Compliance Committee, CBOT contracts shall be traded during the Modified Closing Call as follows:

Lesser of actual closing range or three trading increments	Lesser of actual closing range or nine trading increments
Kilo Gold Futures	Corn Futures and Options
100 Ounce Gold Futures	Wheat Futures and Options
Silver 1000 Ounce Futures and Options	Soybean Futures and Options
Silver 5000 Ounce Futures	Soybean Oil Futures and Options
U.S. Treasury Bond Futures and Options	Soybean Meal Futures and Options
Five Year Note Futures and Options	<b><u>CBOT® Soybean Board Crush Options</u></b>
Two Year Note Futures	Oat Futures and Options
Municipal Bond Index Futures and Options	Rough Rice Futures and Options
Thirty Day Fed Fund Futures	CBOT Dow Jones-AIG Commodity Index <sup>SM</sup> Futures
	Lesser of actual closing range or seventeen trading increments
	CBOT® mini-sized Corn
	CBOT® mini-sized Soybeans
	CBOT® mini-sized Wheat

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