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December 15, 2005

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Ms. Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW.
Washington, DC 20581

OFC. OF THE SECRETARIAT

Re: Reference File #2614.01
Rule Certification

Dear Ms. Webb:

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

- **Amendments to CBOT® rules and regulations in Rulebook Chapters 1, 3, 4, 5, 9, 9B, 18, 23, 24 and 25 per the attached texts (additions underlined; deletions bracketed and struck through).**

These amendments generally update and streamline the applicable rules and regulations in terms of format and terminology. The amendments include consolidation of position limit and position accountability provisions, clarification of the requirements for Exchange for Physical (EFP), Exchange for Swap (EFS) and Exchange for Risk (EFR) transactions, and insertion of appropriate references to the securities laws for the purpose of security futures trading. In the case of EFR provisions, the amendments add financial futures to the products eligible for EFR transactions. The amendments also codify the Exchange's current authority to enter into information-sharing agreements with other self-regulatory organizations and modernize the language in the anti-manipulation provisions consistent with rules adopted by other exchanges.

The CBOT intends to implement these amendments one day after the Commission's receipt of this filing.

There were no opposing views 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 are underlined; Deletions are bracketed and ~~[struck through]~~.

190.01 Regulatory Cooperation - The Exchange may from time to time enter into such agreements with domestic or foreign self-regulatory organizations, associations, boards of trade, clearing organizations, and their respective regulators providing for the exchange of information and other forms of mutual assistance for financial surveillance, routine audits, market surveillance, investigative, enforcement and other regulatory purposes as the Exchange may consider necessary or appropriate or as the Commodity Futures Trading Commission may require. The Exchange is authorized to provide information to any such organization, association, board of trade, clearing organization or regulator that is a party to an information sharing agreement with the Exchange, in accordance with the terms and subject to the conditions set forth in such agreement.

331.05 Block Trade Transactions - The ~~[Board of Directors]~~ Exchange may designate any contract initially listed for trading on or after December 31, 1999 as eligible for Block Trade transactions under this Regulation ~~[331.05]~~ and shall determine the minimum size thresholds for the contracts in which Block Trade transactions are permitted. In determining the minimum size threshold, the ~~[Board of Directors]~~ Exchange shall take into consideration (to the extent available) the size distribution of transactions in the contract, the size distribution of transactions in the related cash or over-the-counter markets, and all other information relevant to transaction size in the relevant contract. The hours of operation of the Block Trade facility shall be determined by the ~~[Board of Directors]~~ Exchange.

Members may enter into transactions outside of the Exchange's central markets, at prices mutually agreed, with respect to contracts that have been designated by the Exchange for such purpose, provided that the following conditions are satisfied:

- a) Each buy or sell order underlying a Block Trade must (i) state explicitly that it is to be, or may be, executed by means of a Block Trade and (ii) be at least for the minimum transaction size as determined by the ~~[Board of Directors]~~ Exchange. Orders may not be aggregated in order to achieve the minimum transaction size.
- b) The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of such Block Trade; (ii) the price and size of other trades in the same contract at the relevant time; and (iii) the price and size of trades in other relevant markets, including without limitation the underlying cash market or other related futures markets, at the relevant time. The price at which a Block Trade is executed shall not affect conditional orders such as limit orders or stop orders. The price at which a Block Trade is executed shall not be used in establishing settlement prices.
- c) Each nonmember customer to a Block Trade transaction must qualify as an "eligible contract participant", as that term is defined in Section 1a(12) of the Commodity Exchange Act ("Act"), provided that, if any Block Trade is entered into on behalf of customers by a commodity trading advisor registered (or exempt from registration) under the Act, including without limitation any investment

advisor registered (or exempt from registration) under the Investment Advisors Act of 1940 [~~as such with the Securities and Exchange Commission that is exempt from regulation under the Act or Commodity Futures Trading Commission Regulations thereunder~~], or a foreign person performing a similar role or function subject as such to foreign regulation, with total assets under management exceeding \$50 million, the individual customers need not so qualify.

- d) Each Block Trade executed pursuant to this Regulation must be cleared through the clearing members. Information identifying the relevant contract, contract month, price, quantity, time of execution, [~~and~~] counterparty clearing member, and for options, strike price, put or call and expiration month, for each Block Trade must be reported by the seller to the Exchange within five minutes immediately following execution of such Block Trade. The Exchange will publicize information identifying the trade as a Block Trade and identifying the relevant contract, contract month, price or premium, [~~and~~] quantity and, if applicable, the underlying commodity, whether the transaction involved a put or a call and the strike price, for each Block Trade immediately after such information has been reported to the Exchange.
- e) Each clearing member and member that is party to a Block Trade shall record the following details on its order ticket: the contract (including the delivery or expiry month) to which such Block Trade relates; that the trade is a Block Trade; the number of contracts traded; the price of execution or premium; the time of execution; the identity of the counterparty; for options, strike price, and put or call and, if applicable, details regarding the customer for which the Block Trade was executed, the underlying commodity, whether the transaction involved a put or a call and the strike price. Upon request by the Exchange, such clearing member or member shall produce satisfactory evidence, including without limitation the order ticket referred to in the preceding sentence, that the Block Trade meets the requirements set forth in this Regulation. (09/01/03)

350.05 ~~[Floor]~~ **Trading Practices** - The following acts are prohibited and shall constitute acts [~~are~~] detrimental to the welfare of the Exchange (except as permitted under Regulation 331.05)[~~;~~]. This Regulation shall apply to all persons subject to the jurisdiction of the Exchange, and, unless otherwise specified, shall apply to both the open auction market and the e-cbot market.

- (a) [~~for a floor broker to~~] No person shall purchase any [commodity for future delivery] futures contract, purchase any call [commodity] option or sell any put [commodity] option for his own account, or for any account in which he has an interest, or for [those] an account[s] over which he has discretionary trading authority, [falling within the exception of paragraph (c) of this Regulation,] while [holding] in possession of any executable order of another person for the purchase of any futures contract, the purchase of any call [commodity] option[;] or the sale of any put [commodity] option[;] in the same [commodity] product. [~~which is executable at the market price or at the price at which such purchase or sale can be made for the member's own account or the account in which he has an interest, or for those accounts falling within the exception of paragraph (c) of this Regulation.~~]

- (b) ~~[for a floor broker to]~~ No person shall sell any ~~[commodity for future delivery]~~ futures contract, sell any call ~~[commodity]~~ option or purchase any put ~~[commodity]~~ option for his own account, or for any account in which he ha[d]s an interest, or for ~~[those]~~ an account[s] over which he has discretionary trading authority, falling within the exception of paragraph (e) of this Regulation, while [holding] in possession of any executable order of another person for the sale of any futures contract, the sale of any call [commodity] option, or the purchase of any put [commodity] option in the same [commodity] product. [which is executable at the market price or at the price at which such sale or purchase can be made for the member's own account or the account in which he has an interest, or for those accounts falling within the exception of paragraph (e) of this Regulation;]
- (c) ~~[for a]~~ No [floor broker] person [to] shall execute a transaction in the trading pit for an account over which he has discretionary trading authority.

The above restriction shall not apply to:

1. transactions for another member of the Exchange for an account owned by such member;
 2. transactions for members of ~~[the floor broker's]~~ such person's family which include; spouse, parent, child, grandparent, grandchild, brother, sister, uncle, aunt, nephew, niece, or in-law;
 3. transactions for proprietary accounts of member firms.
- (d) ~~[for a member to]~~ No person shall disclose at any time ~~[that he is holding an order of another person or to divulge any order revealed to him by reason of his relationship to such other person,]~~ the existence or terms of an order that has not been disclosed to the market, [except pursuant to paragraph (e) of this Regulation, in the legitimate course of business or] except at the request of an authorized representative of the Exchange or of the Commission[;]. [‡]The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of [the Exchange's Rules and Regulations] this Regulation.[;] [h]However, nothing herein shall alter or waive a [member's] person's responsibility to comply with existing provisions of the Commodity Exchange Act, Commission Rules, and the Rules and Regulations of the Exchange.[;] [f]Furthermore, it shall be a violation of this Regulation for any individual to solicit or induce a [member] person to disclose order information in a manner prohibited by this Regulation[;].
- (e) ~~[for a member to]~~ No person shall take, directly or indirectly, the other side of any order of another person revealed to him by reason of his relationship to such other person, except with such other person's prior consent and in conformity with Exchange rules, except as provided in Regulation 9B.13 or except for transactions done in accordance with Regulation 350.04 to resolve bona fide errors or outrades[;].
- (f) ~~[for a member to]~~ No person shall make any purchase or sale which has been pre-arranged, except as permitted under Regulations 331.05 and 444.01[;].
- (g) ~~[for a member to]~~ No person shall withhold or withdraw from the market any order or part of an order ~~[of another person for the convenience of another member]~~ for the

benefit of any person other than the person placing the order[;].

- (h) ~~[for a member to]~~ No person shall execute any [order] transaction on the Floor of the Exchange after the closing bell [is sounded] except in a call market close[;].
- (i) ~~[for a member to]~~ No person shall buy and sell as an accommodation at any time or, except as specifically provided in Regulations [331.03,]331.04 and [350.10] 9B.13, to use one order to fill another order, or any part thereof[;].
- (j) ~~[for parties]~~ No party to an open auction transaction [to] shall fail to properly notify the pit recorder of the price at which trades have been consummated[;].
- (k) ~~[for a floor broker to]~~ No person shall allocate executions of orders in any manner other than an equitable manner.
- ~~[(l) for a member to initiate during the same trading session a transaction for future delivery in a CBOE 50 or CBOE 250 Stock Index future(s) for his or her own account, or for any account in which he or she has an interest, or for the account of his or her family including spouse, parents, children, grandparents, grandchildren, brothers, sisters, uncles, aunts, nephews, nieces and in laws, and to execute as a floor broker any order for future delivery in a CBOE 50 or CBOE 250 Stock Index future(s). This restriction shall not apply to any transaction made by the member to offset a transaction made in error by the same floor member.] (04/01/05)~~

425.01 Position Limits and Reportable Positions-

(a) Position Limits

- (i) Except as provided in Regulations 425.03, 425.04 and 425.05, no person may own or control positions, and no member firm may carry positions for another person, separately or in combination, net long or net short, for the purchase or sale of commodity futures contracts or, on a futures-equivalent basis, options on a commodity futures contract, in excess of those positions set forth in the position limit chart in Appendix 4C. The position limits set forth in Appendix 4C shall not apply to bona fide or economically appropriate hedging positions which meet the requirements of Regulations 425.02 and 425.03, nor to positions subject to particular limits granted pursuant to Regulation 425.04. As used herein, the term "net" shall mean the long or short position held after offsetting long futures positions against short futures positions. The word "person" shall include individuals, associations, partnerships, limited liability companies, corporations and trusts.)
- (ii) In determining whether any person has exceeded the position limits specified in Appendix 4C or those limits determined pursuant to Regulations 425.03 or 425.04, or whether a position is a reportable position as defined herein, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading, except as provided in Regulation 425.05, shall be

included with the positions held by such person. Such limits upon positions shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by, or the trading of the positions were done by, a single person.

- (iii) Except as provided in Regulation 425.05, any person holding positions in more than one account, or holding accounts or positions in which the person by power of attorney or otherwise directly or indirectly has a 10% or greater ownership or equity interest, must aggregate all such accounts or positions, unless such person is a limited partner, shareholder, member of a limited liability company, beneficiary of a trust or similar type of pool participant in a commodity pool. However, this exception does not apply if the person is the commodity pool operator, controls the pool's trading decisions, or has an ownership or equity interest of 25% or greater in a commodity pool the operator of which is exempt from registration with the Commodity Futures Trading Commission.
 - (iv) A member firm will not be in violation of this Regulation if it carries positions for its customers in excess of the limits specified in Appendix 4C, for such reasonable period of time as the firm may require to discover and liquidate the excess positions or file the appropriate hedge or exemption statements for the customer accounts in question in accordance with Regulation 425.03 or 425.04. For the purposes of this Regulation, a "reasonable period of time" shall generally not exceed one business day for those positions that are not subject to the provisions of Regulations 425.03 or 425.04.
 - (v) If an option position exceeds position limits for passive reasons such as a market move or exercise assignment, the person who owns or controls the option position shall be allowed one business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.
 - (vi) The Exchange may direct a person who owns or controls a position, or a member firm that carries a position for another person, to liquidate or otherwise reduce the position, when the total position, as defined in subsections (a)(ii) and (a)(iii) above, exceeds the position limits set forth in Appendix 4C, or as specifically determined pursuant to Regulations 425.03 or 425.04.
- (b) Reportable Positions
- (i) If a person owns or controls, or a member firm carries a position for another person, equal to or greater than the number of contracts designated

as reportable positions in Appendix 4C., long or short in any one month, then all such futures and options on such futures contracts owned, controlled or carried by that person or member firm, whether above the given level or not, shall necessarily be deemed reportable positions.

(ii) On or before the first day on which any position must be reported, the person owning or controlling, or the member firm carrying the position, must furnish to the Exchange a report, in the form prescribed by the Exchange, identifying the owner of the account for which the position must be reported and all persons associated with the account as described in subsections (a)(ii) and (a)(iii) above.

(iii) Every person or member firm must report each and every reportable position and provide the report required in subsection (b)(ii) above for each person within any account carried on an omnibus basis, unless, upon application of the person or member firm to the Exchange, a nonmember omnibus account is specifically approved to report directly to the Exchange.

Note: The Commodity Futures Trading Commission has imposed speculative position limits on certain products, including Corn, Oats, Soybean, Wheat, Soybean Oil and Soybean Meal futures contracts, as provided in Part 150 of CFTC Regulations.

Appendix 4C

[(a) For the purposes of this Regulation, the]The following are definitions of titles used in the position limit chart contained in this Appendix-

Spot Month- Spot month futures-equivalent position limit net long or net short effective at the start of trading on the first business day prior to the first trading day of the spot month.

Single Month- Futures-equivalent position limit net long or net short in any one month other than the spot month.

All Months -Position limit net long or net short in all months and all strike prices combined. Note: Long futures contracts, long call options, and short put options are considered to be on the long side of the market while short futures contracts, long put options, and short call options are considered to be on the short side of the market. For each commodity, the futures-equivalents for both the options and futures contracts are aggregated to determine compliance with the net long or net short same side position limits.

Reportable Futures Level-Reportable futures position in any one month.

Reportable Options Level-Reportable options position in any one month in each option category. Note:Option categories are long call, long put, short call, and short put.

Net Equivalent Futures Position-Each option contract ~~[has been]~~will be adjusted by the prior day's risk factor, or delta coefficient, for that option which has been calculated by the ~~[Board of Trade Clearing Corporation.]~~Exchange's Clearing Services Provider.

For the purpose of this ~~[Regulation]~~Appendix:

- (i) An option contract's futures-equivalency shall be based on the prior day's delta factor for the option series, as published by the ~~[Board of Trade Clearing Corporation.]~~Exchange's Clearing Services Provider. For example, 8 long put contracts, each with a delta factor of 0.5, would equal 4 futures-equivalent short contracts.
- (ii) Long futures contracts shall have a delta factor of +1, and short futures contracts shall have a delta factor of -1.
- (iii) Long call options and short put options shall have positive delta factors.
- (iv) Short call options and long put options shall have negative delta factors.
- (v) An eligible option/option or option/futures spread is defined as an intra-month or inter-month position in the same Chicago Board of Trade commodity product in which the sum of the delta factors is zero.

~~[(b) Except as provided in Regulations 425.03, 425.04 and 425.05, the maximum 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, as defined above.)

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

	*SPOT	*SINGLE	*ALL	*REPORTABLE	*REPORTABLE
CONTRACT	MONTH	MONTH	MONTH	FUTURES LEVEL	OPTIONS LEVEL
Bund	None	None	None	1,000	
Bobl	None	None	None	800	
Schatz	None	None	None	500	
10-Year Interest Rate Swap	None	None	None	500	500
5-Year Interest Rate Swap	None	None	None	500	500
CBOT Dow Jones Industrial Average sm Index	None	None	50,000 (aggregate DJIA sm limit, see #9)	200	200
CBOT mini-sized Dow sm (\$5 multiplier)	None	None	50,000 (aggregate DJIA sm limit, see #9)	200	200
CBOT Dow Jones-AIG Commodity Index sm	None	None	15,000	25	
CBOT 5,000 oz. Silver	1,500	6,000	6,000	150	
CBOT 100 oz. Gold	3,000	6,000	6,000	200	
CBOT mini-sized Silver	1,500	1,500	3,000	750	
CBOT mini-sized Gold	4,000	4,000	6,000	600	
U.S. Treasury Bonds	(see #14)	None	None	1,500	1,500
U.S. Treasury Notes (5yr.)	(see #14)	None	None	2,000	2,000
U.S. Treasury Notes (6 1/2- 10yr.)	(see #14)	None	None	2,000	2,000
U.S. Treasury Notes (2yr.)	(see #14)	None	None	1,000	1,000
30 Day Fed Fund	None	None	None	600	600
10-Year Municipal Note Index	5,000	None	5,000	300	
mini-sized Eurodollars	10,000	10,000	10,000	400	
Corn and CBOT mini-sized Corn	600 (aggregate, see #10)	9,500 (aggregate, see #1, 10, 13)	15,500 (aggregate, see #1, 3, 10, 13)	250 (individual, see #11)	250
Soybeans and CBOT mini-sized Soybeans	600 (aggregate, see #10)	5,000 (aggregate, see #1, 10, 13)	7,750 (aggregate, see #1, 4, 10, 13)	150 (individual, see #11)	150
South American Soybeans	600 (see #12)	3,500 (see #1)	5,500 (see #1)	150	
Wheat and CBOT mini-sized Wheat	600 (aggregate, see #8, 10)	4,000 (aggregate, see #1,	5,250 (aggregate, see #1, 7, 10,	150 (individual, see #11)	150

		10, 13)	13)		
Oats	600	1,200 (see #1, 13)	1,750 (see #1,6, 13)	60	60
Rough Rice	600 (see#5)	1,000	1,000 (see#2)	50	50
Soybean Oil	540	4,000 (see #1,7, 13)	5,250 (see #1,7, 13)	200	200
Soybean Meal	720	4,000 (see #1,7, 13)	5,250 (see #1,7, 13)	200	200
Ethanol	200	1,000	1,000	25	

#1 Additional futures contracts may be held outside of the spot month as part of futures/futures spreads within a crop year provided that the total of such positions, when combined with outright positions, do not exceed the all months combined limit. In addition, a person may own or control additional options in excess of the futures-equivalent limits provided that those option contracts in excess of the futures-equivalent limits are part of an eligible option/futures spread.

#2 No more than 500 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/options or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.

#3 No more than 9,500 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.

#4 No more than 5,000 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.

#5 In the last five trading days of the expiring futures month, the speculative position limit for the July futures month will be 200 contracts and for the September futures

month the limit will be 250 contracts.

#6 No more than 1,200 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determined compliance with these net same side single month position limits.

#7 No more than 4,000 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.

#8 In the last five trading days of the expiring futures month in May, the speculative position limit will be 600 contracts if deliverable supplies are at or above 2,400 contracts, 500 contracts if deliverable supplies are between 2,000 and 2,399 contracts, 400 contracts if deliverable supplies are between 1,600 and 1,999 contracts, 300 contracts if deliverable supplies are between 1,200 and 1,599 contracts, and 220 contracts if deliverable supplies are below 1,200 contracts. Deliverable supplies will be determined from the CBOT's Stocks of Grain report on the Friday preceding the first notice day for the May contract month. For the purposes of [~~these regulations~~]this Appendix, one mini-sized Wheat contract shall be deemed to be equivalent to one-fifth of a corresponding Wheat contract.

#9 The aggregate position limit in CBOT mini-sized DowSM (\$5 multiplier) futures and CBOT DJIASM futures and options is 50,000 DJIASM contracts, net long or net short in all contract months combined. For the purposes of [~~these regulations~~]this Appendix, one mini-sized DowSM (\$5 multiplier) contract shall be deemed to be equivalent to one-half of a DJIASM futures contract.

#10 The net long or net short positions in Corn, Soybeans, or Wheat contracts may not exceed their respective position limits. The net long or net short positions in mini-sized Corn, mini-sized Soybeans, or mini-sized Wheat contracts may not exceed their respective position limits. The aggregate net long or net short positions in Corn and mini-sized Corn, Soybeans and mini-sized Soybeans, or Wheat and mini-sized Wheat contracts may not exceed their respective position limits. For the purposes of [~~these regulations~~]this Appendix, one mini-sized Corn, one mini-sized Soybean[s], or one mini-sized Wheat contract shall be deemed to be equivalent to one-fifth of a corresponding Corn, Soybeans, or Wheat contract.

#11 The reporting level for the primary contract is separate from the reporting level for the mini-sized contract. Positions in any one month at or above the contract level indicated trigger reportable status. For a person in reportable status, all positions in any month of that contract must be reported. For the purposes of [~~these regulations~~]this Appendix, positions are on a contract basis.

#12 In the last five trading days of the expiring futures month, the speculative position limit for the November futures month will be 180 contracts and for the January futures month the speculative position limit will be 365 contracts.

#13 On December 10, 2005, Corn and mini-sized Corn single-month limits will be increased to 13,500 contracts and all-month limits will be increased to 22,000 contracts; Oats single-month limits will be increased to 1,400 contracts and all-month limits will be increased to 2,000 contracts; Soybean and mini-sized Soybean single-month limits will be increased to 6,500 contracts and all-month limits will be increased to 10,000 contracts; Wheat, mini-sized Wheat, Soybean Oil, and Soybean Meal single-month limits will be increased to 5,000 contracts and all-month limits will be increased to 6,500 contracts.

#14 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 contracts; U.S. Treasury Notes (5 Year) – 35,000 contracts; U.S. Treasury Notes (2 Year) – 25,000 contracts. No hedge exemptions will be permitted with respect to these limits. [~~The position limits noted herein shall apply beginning with the December 2005 Treasury futures contracts.~~]

~~[Except for the interest of a limited partner or shareholder (other than the commodity pool operator) in a commodity pool, ownership, including a 10% or more financial ownership interest, shall constitute control over an account except as provided in Regulation 425.05.~~

~~The maximum positions which any person, as defined in Regulation 425.01 (c), may own or control shall be as set forth herein. However, with respect to the maximum positions which a member firm may carry for its customers, it shall not be a violation of the limits set forth herein to carry customer positions in excess of such limits for such reasonable period of time as the firm may require to discover and liquidate the excess positions or file the appropriate hedge or exemption statements for the customer accounts in question in accordance with Regulations 425.03 and 425.04. For the purposes of this regulation, a "reasonable period of time" shall generally not exceed one business day for those positions that are not subject to the provisions of Regulations 425.03 and 425.04.~~

~~However, for any option position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.~~

~~Note: The Commodity Futures Trading Commission has imposed speculative position limits on Corn, Oats, Soybean, Wheat, Soybean Oil and Soybean Meal futures contracts as provided in Part 150 of CFTC Regulations.~~

(c) ~~The term "net" shall mean the long or short position held after offsetting long futures positions against short futures positions. The word "person" shall include individuals, associations, partnerships, limited liability companies, corporations and trusts.~~

- ~~(d) The foregoing limits on positions shall not apply to bona fide hedging positions which meet the requirements of Regulations 425.02 and 425.03, nor to positions subject to particular limits granted pursuant to Regulation 425.04.~~
- ~~(e) The Board, or a Committee authorized by the Board may direct any member or registered eligible business organization owning, controlling or carrying a position for a person whose total position as defined in subsection (f) below exceeds the position limits as set forth in subsection (b) above or as specifically determined pursuant to Regulations 425.03 or 425.04 to liquidate or otherwise reduce the position.~~
- ~~(f) In determining whether any person has exceeded the position limits specified in subsection (b) of this Regulation or those limits determined pursuant to Regulations 425.03 or 425.04, or whether a position is a reportable position as set forth in subsections (b) and (g) herein, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly controls trading, except as provided in Regulation 425.05, shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.~~
- ~~(g) If a person owns, controls or carries a position equal to or greater than the number of contracts specified in subsection (b) above long or short in any one month, then all such futures and options on such futures contract owned, controlled or carried by that person, whether above the given level or not, shall necessarily be deemed reportable positions. Every member or registered eligible business organization shall report each and every reportable position to the Office of Investigations and Audits at such times and in such form and manner as shall be prescribed by the Business Conduct Committee.~~
- ~~(1) On or before the first day on which any position must be reported as provided above, the member or registered eligible business organization carrying the position must furnish to the Office of Investigations and Audits a report, in the form, manner and content prescribed by the Business Conduct Committee, identifying the owner of the account for which the position must be reported and all persons associated with the account as described in subsection (f) above.~~
- ~~(2) Every member or registered eligible business organization must report each and every reportable position and provide the report required in subsection (1) above for each person within any account carried on an omnibus basis, unless, upon application of the member or registered eligible business organization to the Business Conduct Committee, the nonmember omnibus account specifically is approved to report directly to the Office of Investigations and Audits. (07/01/05)]~~

425.02 Bona Fide Hedging Positions -

- (a) General Definition. Bona fide or economically appropriate hedging positions in futures or options shall mean positions in a contract or positions in options on a contract for future delivery on this Exchange, where such positions normally

represent a substitute for positions to be taken at a later time in a physical marketing channel, and where they are economically appropriate to the reduction of risks in the conduct and management of a commercial enterprise, and where they arise from:

- (1) The potential change in the value of assets which a person owns, [~~refines~~] produces, manufactures, processes or merchandises or anticipates owning, producing, manufacturing, processing[~~refining~~] or merchandising,
- (2) The potential change in the value of liabilities which a person owes or anticipates incurring, or
- (3) The potential change in the value of services which a person provides, purchases or anticipates providing or purchasing.

Notwithstanding the foregoing, no positions of a person shall be classified as bona fide hedging unless their purpose is to offset price risks incidental to that person's commercial cash or spot operations and such positions are established and liquidated in an orderly manner in accordance with sound commercial practices and unless the provisions of Regulation 425.03 have been satisfied.

(b) Enumerated Hedging Positions. For purposes of Regulation 425.03, the definition of bona fide or economically appropriate hedging positions in subsection (a) above includes, but is not limited to, the following specific positions:

- (1) Sales of any commodity for future delivery, purchases of any put options on futures contracts and/or sales of any call options on futures contracts, which do not exceed in quantity:
 - (i) Ownership of the same cash commodity by the same person, and
 - (ii) Fixed-price purchases of the same cash commodity by the same person.
- (2) Purchases of any commodity for future delivery, sales of any put options on futures contracts and/or purchases of any call options on futures contracts, which do not exceed in quantity:
 - (i) Fixed-price sales of the same cash commodity by the same person; and
 - (ii) The quantity equivalent of fixed-price sales of the cash products and derivative products of such commodity by the same person.
- (3) Sales and purchases of commodities for future delivery or of options on contracts for future delivery described in subsections (b)(1) and (b)(2) may also be offset by the same or other quantities of a different cash commodity, provided that the fluctuations in the value of the position for future delivery or of the commodity underlying the option [~~contract~~]position are substantially related to the fluctuations in the value of the actual cash position.

(c) Non-Enumerated Hedging Positions. The [~~Board, or a Committee authorized by the Board,~~]Exchange may recognize positions other than those enumerated in subsection (b) as bona fide or economically appropriate hedging positions, in accordance with the general definition of bona fide or economically appropriate hedging positions in Regulation 425.02(a), upon the filing of a satisfactory initial statement in accordance with Regulation 425.03. Such positions may include:

- (1) Short-hedging positions (including long put options or short call options) of unsold anticipated positions in the same cash commodity by the same person;
 - (2) Long-hedging positions (including long call options or short put options) of unfilled anticipated requirements of the same cash commodity by the same person;
 - (3) Short or long cross-hedging positions, provided that the fluctuations in the value of the positions for future delivery or the commodity underlying the options positions are substantially related to the fluctuations in the value of the anticipated cash positions; or
 - (4) Any other positions in commodities for future delivery or options on futures contracts, including those established under the concept of "delta-ratio hedging", under such terms and conditions as the [~~Board, or a Committee authorized by the Board,~~]Exchange may specify.
- (d) Cash positions described in subsections (b) and (c) above shall not include those positions or portions of positions which are bona fide or economically appropriate hedging positions in futures or [~~economically appropriate hedging positions in~~] options pursuant to Regulations 425.02 and 425.03.

Note: Corn, Oats, Soybean, Soybean Oil, Soybean Meal and Wheat futures contracts are subject to Commodity Futures Trading Commission Regulation 1.3(z), which defines bona fide hedging transactions and positions. (10/01/00)

425.03 Reporting Requirements For Bona Fide or Economically Appropriate Hedging Positions in Excess of Limits -

- (a) Initial Statement. Every member or [~~registered eligible business organization~~]member firm which owns, controls, or carries positions on behalf of a person who seeks classification of such positions as bona fide or economically appropriate hedging positions must file a statement satisfactory to [~~designated staff or a Committee authorized by the Board~~]the Exchange in order to classify such positions as bona fide or economically appropriate hedging positions within the meaning of Regulation 425.02. The initial statement of the member or [~~registered eligible business organization~~]member firm filed on behalf of a person shall be filed no later than 10 business days after the day on which the person's position exceeds the speculative limit for each contract specified in Regulation 425.01 (b)[~~(a)~~], and shall include:
- (1) A description of the kinds of intended positions and their potential size;
 - (2) A statement affirming that the kinds of intended positions are bona fide or economically appropriate hedging positions; and
 - (3) With respect to the kinds of intended positions that are described as non-enumerated hedging positions under Regulation 425.02(c), a justification that the kinds of intended positions are consistent with the definition of bona fide or economically appropriate hedging positions within the meaning of Regulation 425.02(a).

- (b) Supplemental Statements. Whenever there is a material change in the information provided in the person's most recent statement filed pursuant to this Regulation, a supplemental statement which updates and confirms previous information shall be filed with ~~[designated staff or a Committee authorized by the Board]~~the Exchange by every member or ~~[registered eligible business organization]~~member firm owning, controlling or carrying such person's positions. The supplemental statement shall be filed no later than 10 business days after the day on which the person's position exceeds the level specified in the most recent statement.
- (c) ~~[A Committee or designated staff authorized by the Board]~~The Exchange will monitor bona fide or economically appropriate hedging positions. The initial and supplemental statements prescribed in subsections (a) and (b) above must be submitted to the Office of Investigations and Audits and shall be maintained on a confidential basis. The ~~[Board, or a Committee or designated staff authorized by the Board]~~Exchange may request additional relevant information necessary to ensure compliance with this Regulation, and may, in its discretion, amend, revoke or otherwise limit the classification of positions as bona fide or economically appropriate hedging positions.

Note: Commodity Futures Trading Commission Regulations 1.47 and 1.48 set forth additional requirements for statements to be filed with the Commission for Corn, Oats, Soybean, Soybean Oil, Soybean Meal and Wheat futures contracts, as applicable.

425.04 Exemptions From Position Limits -

- (a) The ~~[Board, or a Committee authorized by the Board,]~~Exchange may establish particular position limits on those positions of a person normally known as "spreads, straddles or arbitrage," including:
- (1) intramarket spreads;
 - (2) intermarket spreads;
 - (3) cash-futures arbitrage, where "cash" is defined as spot or forward positions;
or
 - (4) eligible option/option or option/futures spreads as defined in Regulation 425.01.

In addition, the ~~[Board or a Committee authorized by the Board,]~~Exchange may establish, on a case by case basis, particular maximum position limits on certain risk management positions in interest rate, stock index and currency futures and options, including:

- (1) Long positions (futures, long calls, short puts) whose underlying commodity value does not exceed the sum of:
 - (i) Cash set aside in an identifiable manner, or any of the following unencumbered instruments so set aside, with maturities of less than 1 year: U.S. Treasury obligations; U.S. agency discount notes; commercial paper rated A2 or better by Standard & Poor's and P2 or better by Moody's; banker's acceptances; or certificates of deposit,

- plus any funds deposited as margin on such positions; and
- (ii) Accrued profits on such positions held at the futures commission merchant.
- (2) Long positions (futures, long calls, short puts) whose underlying commodity value does not exceed the sum of:
- (i) The value of equity securities, debt securities, or currencies owned and being hedged by the trader holding such futures or option position, provided that the fluctuations in value of the position used to hedge such securities or currencies are substantially related to the fluctuations in value of the securities or currencies themselves; and
 - (ii) Accrued profits on such positions held at the futures commission merchant.
- (3) Short calls whose underlying commodity value does not exceed the sum of:
- (i) The value of securities or currencies underlying the futures contract upon which the option is based or ~~underlying the futures contract upon which the option is based or~~ underlying the option itself and which securities or currencies are owned by the trader holding such option position; and
 - (ii) The value of securities or currencies whose price fluctuations are substantially related to the price fluctuations of the securities or currencies underlying the futures contract upon which the option is based or underlying the option itself and which securities or currencies are owned by the trader holding such option position.

Risk management positions eligible for particular position limits under this Regulation do not include those considered as bona fide or economically appropriate hedging positions as defined in Regulation 425.02.

- (b) Requirements for Exemptions from Position Limits. Every member or ~~registered eligible business organization~~ member firm which owns, controls or carries positions on behalf of a person who wishes to make purchases or sales of any commodity for future delivery or any option on a contract for future delivery in excess of the position limits then in effect, shall file statements on behalf of the person with the Exchange, in such form and manner as shall be prescribed by the ~~Board, or by a Committee authorized by the Board,~~ Exchange, in conformity with the requirements of this subsection.
- (1) Initial Statement. Initial statements concerning the classification of positions normally known in the trade as "spreads, straddles or arbitrage," or risk management positions, as described in subsection (a) above, for the purpose of subjecting such positions to particular position limits above those specified in Regulation 425.01 ~~(b[a])~~, shall be filed with ~~designated staff or Committee authorized by the Board~~ the Exchange no later than 10 business days after the day on which such positions exceed the position limits then in effect. Such statements shall include information necessary to enable the

~~[Board, or a Committee authorized by the Board,]~~Exchange to make a determination that the particular kinds of intended positions should be eligible for a higher position limit, including, but not limited to:

- (i) A description of the specific nature and size of positions for future delivery or in options on contracts for future delivery and offsetting cash, forward or futures positions, where applicable, and an affirmation that intended positions to be maintained in excess of the limits set forth in Regulation 425.01 ~~(b[a])~~ will be positions as set forth in subsection (a) above; and
 - (ii) In the case of risk management positions, information on the cash portfolio being managed and/or any cash or cash market instruments held in connection with the intended risk management position, as well as other information relevant to the conditions specified in subsection (a) above. Of particular interest are whether the cash market underlying the futures or options market has a high degree of demonstrated liquidity relative to the size of the positions, and whether there exist opportunities for arbitrage which provide a close linkage between the cash market and the futures or options market in question; and whether the positions are held on behalf of a commercial entity, including parents, subsidiaries or other related entities, which typically buys, sells or holds the underlying or a related cash market instrument.
- (2) Supplemental Statements. Whenever there is a material change in the information provided in the person's most recent statement pursuant to this Regulation, a supplemental statement which updates and confirms previous information shall be filed with ~~[designated staff or a Committee authorized by the Board]~~the Exchange by every member or ~~[registered eligible business organization]~~member firm owning, controlling or carrying such person's position. The supplemental statement shall be filed no later than 10 business days after the day on which the person's position exceeds the level specified in the most recent statement.
- (c) ~~[A Committee or designated staff authorized by the Board]~~The Exchange will monitor the positions maintained by persons who have obtained particular position limits under the provisions of this Regulation. The initial and supplemental statements prescribed in subsections (b)(1) and (b)(2) above must be submitted to the Office of Investigations and Audits and shall be maintained on a confidential basis. The ~~[Board, or a Committee or designated staff authorized by the Board,]~~Exchange may request additional relevant information necessary to ensure compliance with this Regulation~~[425.04]~~, and may, ~~[for any good reason]~~in its discretion, amend, revoke or otherwise limit the particular position limits established.
- (d) The provisions of this Regulation ~~[425.04]~~shall not apply to Corn, Oats, Soybean, Wheat, Soybean Oil and Soybean Meal futures and options contracts traded on the Exchange, for which exemptions from position limits are governed by Commodity

Futures Trading Commission Regulation 150.3. (10/01/00)

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), 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 positions not for the spot month, ~~[and which are carried for an eligible entity as defined by Commodity Futures Trading Commission Regulation 150.1 or such other persons as the Commission deems exempt pursuant to Regulation 150.3, in the separate account or accounts of an independent account controller provided h]~~ However, ~~[that]~~ 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 ~~[in place]~~ to preclude ~~[such account controllers]~~ the affiliated entities from having knowledge of, gaining access to, or receiving data about, trades of the other ~~[account controllers]~~. Such procedures must include document routing, and other procedures or security arrangements, including separate physical locations, which would maintain the independence of their activities. ~~[provided, h]~~ However, ~~[that]~~ 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 ~~[the]~~ 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]~~ 4.24 or 4.34, as applicable.
- (c) Upon request by the ~~[Board or a Committee authorized by the Board or such person responsible for the supervision of the Office of Investigations and Audits]~~ 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. (10/01/00)

425.06 Position Accountability - A person, as defined in Regulation 425.01(a)(i), who holds or controls, or a member firm that carries for another person, aggregate positions in excess of those specified in the chart below, or any positions with respect to 10-Year Municipal Note Index futures, shall be subject to the following provisions:

- Such person shall provide, in a timely manner upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- Such person shall be deemed to have consented, when so ordered by the Exchange acting in its discretion, not to further increase the positions which exceed the levels specified in the chart below.
- Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

10-Year Municipal Note Index futures are subject to both the position accountability requirements specified in this Regulation and the position limits specified in Regulation 425.01 and Appendix 4C.

Nothing herein shall limit the jurisdiction of the Exchange.

<u>CONTRACT</u>	<u>SPOT MONTH¹</u>	<u>ALL MONTHS²</u>	<u>OPTIONS³</u>
<u>US Treasury Bonds</u>	<u>10,000</u>	<u>10,000</u>	<u>25,000</u>
<u>Ten-Year US Treasury Notes</u>	<u>7,500</u>	<u>7,500</u>	<u>20,000</u>
<u>Five-Year US Treasury Notes</u>	<u>7,500</u>	<u>7,500</u>	<u>20,000</u>
<u>Two-Year US Treasury Notes</u>	<u>7,500</u>	<u>7,500</u>	<u>20,000</u>
<u>30-Day Fed Funds</u>	<u>3,000</u>	<u>3,000</u>	
<u>10-Year Interest Rate Swap</u>	<u>5,000</u>	<u>5,000</u>	<u>15,000</u>
<u>5-Year Interest Rate Swap</u>	<u>5,000</u>	<u>5,000</u>	<u>15,000</u>

444.01 ~~Transfer Trades~~[~~Exchange of Futures for Physicals and Give-up Transactions~~] -

Transfer trades, or office trades, [~~are defined and limited to trades~~] may be made upon the books of a futures commission merchant, solely for the purposes of:

- (a) transferring existing trades from one account to another [~~within the same office~~] carried by the same futures commission merchant where no change in

¹ All numbers refer to futures contracts, and/or futures-equivalent contracts, net long or net short, in the spot month.

² All numbers refer to futures contracts, and/or futures-equivalent contracts, net long or net short in all months and strike prices combined. Net equivalent futures positions shall be determined in the same manner specified in Appendix 4C.

³ All numbers refer to option contracts for all months and all strike prices combined in each option category (long call, long put, short call, and short put).

ownership is involved; [~~or,~~]

- (b) transferring existing trades from [~~the office of~~] an account carried by one futures commission merchant to [~~the office of~~] an account carried by another futures commission merchant where no change in ownership is involved, provided that no such transfer may be made for the purpose of evading and avoiding delivery on such trades, and provided further, that if such transfer is made after receipt from the Clearing Services Provider of a notice of intention to deliver applicable to such trades, then the notice of intention to deliver must be passed through the Clearing Services Provider along with the trades so transferred, and the Clearing Services Provider shall thereupon pass the notice of intention to deliver to the futures commission merchant [~~to whom~~] carrying the account to which such transfer has been made and delivery shall be taken by such futures commission merchant; All such transfer trades shall be designated as such and must be cleared through the Exchange's Clearing Services Provider in the manner provided by the Clearing Services Provider; [~~or,~~]
- (c) exchanging futures for, or in connection with cash commodities, swap transactions, or over-the-counter derivative transactions, as specified in Regulation 444.04 [~~or in connection with cash commodities transactions~~]; [~~or,~~]
- ~~[(d) exchanging futures for, or in connection with, swap transactions involving those futures designated in Regulation 444.04; or,]~~
- ~~[(e) exchanging futures for, or in connection with, over the counter derivative transactions involving those futures designated in Regulation 444.06; or,]~~
- ~~[(f)d) to establish the prices of cash commodities[, or];~~
- ~~[(g) correcting errors on cleared trades, provided the original trade documentation confirms the error and the special clearing code or screen designated by the Board of Directors has been used to identify these transfers; or]~~
- ~~[(h) reporting Block Trade transactions for any contract that is eligible for Block Trade transactions under Regulation 331.05; or]~~
- (e) correcting errors on cleared trades, provided that the original trade record confirms the error, and such transfers are identified in the manner required by the Exchange's Clearing Services Provider; or
- (fi) transferring trades executed on behalf of another futures commission merchant from the account of the executing futures commission merchant to the account of the other futures commission merchant or its customer where no change of ownership is involved ("give-up transactions"), provided that such give-up transactions are identified in the manner required by the Clearing Services Provider [~~the special clearing code or screen designated by the Board of Directors has been used to identify these transfers~~].

The Business Conduct Committee ("BCC"), or designated staff pursuant to delegated authority, may, in its discretion, upon written request, exempt a transfer trade from the requirements of this [~~provision~~] Regulation provided [~~ing~~] that the transfer trade is made for the purpose of combining the positions held by two or more commodity pools which

are operated by the same commodity pool operator and traded by the same commodity trading advisor, pursuant to the same strategy, into a single account so long as the transfer does not result in the liquidation of any open positions, and the pro rata allocation of interests in the consolidating account does not result in more than a de minimis change in the value of the interest of any pool participant. Additionally, the BCC, or designated staff pursuant to delegated authority, in its discretion, upon written request, may exempt such other transfers in connection with, or as a result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities.

~~[Give up transactions must be transferred in accordance with the procedure provided in subparagraph (h) above. In the case of give up transactions, the commission merchant ("executing commission merchant") executing a trade on behalf of another commission merchant (the "carrying commission merchant") (including such carrying commission merchant's customers) must submit the trade to the Clearing Services Provider for clearing, and remains responsible for the clearing and settlement of such trade as prescribed by the Clearing Services Provider. Executing commission merchants and carrying commission merchants must utilize an automated invoicing system for commission payments resulting from give up transactions, as determined by the Board of Directors. Notwithstanding the foregoing, the executing commission merchant, carrying commission merchant and, as applicable, the customer on the account at the carrying commission merchant for which the trade is executed, may by agreement set out their respective obligations and financial responsibility to one another relating to the transfer of the trade.~~

~~The exchange of futures in connection with cash commodity transactions or of futures for cash commodities or the exchange of futures for, or in connection with, swap transactions involving those futures designated in Regulation 444.04, or the exchange of futures for, or in connection with, over the counter derivative transactions involving those futures designated in Regulation 444.06 may be made at such prices as are mutually agreed upon by the two parties to the transaction.~~

~~All transfer trades made between the offices of two commission merchants and all office trades made in connection with cash commodity transactions or the exchange of futures for cash commodities or the exchange of futures for, or in connection with, swap transactions involving those futures designated in Regulation 444.04 or the exchange of futures for, or in connection with, over the counter derivative transactions involving those futures designated in Regulation 444.06 shall be designated by proper symbol as transfer or office trades and must be cleared through the Clearing Services Provider in the regular manner.]~~

Transfer trades must be made at the same price or prices which appear on the books of the transferring futures commission merchant, and the transfer must also show the date when such trade or trades were originally made. However, the BCC, or designated staff pursuant to delegated authority, in its discretion, upon written request, may permit the transfer of positions at settlement price if such transfer is made as a result of, or in connection with, a merger, asset purchase, consolidation or similar non-recurring transaction where the entity to which the positions are transferred becomes [the-]a successor in interest to the entity from which the transfer originated. All such transfers

shall retain the original trade date of the positions. Additionally, those transfers involving a debtor, as defined by and in accordance with Regulation 272.02, shall retain the original trade date for purposes of delivery but shall be entered on the books of the transferee at the settlement price on the day of the transfer.

~~[In addition, each party] The parties to transfer trade transactions shall [file with] provide to the Clearing Services Provider all information with respect to such transactions as shall be required by the Clearing Services Provider, in the form and manner required by the Clearing Services Provider. [a memorandum stating the nature of the transaction, whether the transaction has resulted in a change of ownership, the kind and quantity of cash commodity swap, or over the counter derivative if any is involved, the kind, quantity and price of the commodity future, the name of the opposite Clearing member, if any, and such other information as the Clearing Services Provider may require. 1809A (03/01/04)]~~

~~[444.01B—Prohibition on Exchange of Futures for Cash Commodities, on Exchange of Futures for, or in Connection with, Swap Transactions, and on Exchange of Futures for, or in Connection with, OTC Transactions Involving Multi Parties—The exchange of futures for cash commodities or in connection with cash commodity transactions or the exchange of futures for, or in connection with, swap transactions involving those futures designated in Regulation 444.04 may occur only when the buyer of the futures contracts is the seller of the cash commodity or swap and the seller of the futures contracts is the buyer of the cash commodity or swap. However, a Member Firm may facilitate, as principal, the cash commodity component of an Exchange for Physical (EFP) on behalf of a customer, provided that the Member Firm can demonstrate that the cash commodity transaction was passed through to the customer that received the futures position as part of the EFP transaction. The exchange of futures for, or in connection with, over the counter derivative transactions involving those futures designated in Regulation 444.06 may occur only when the buyer and seller of the futures contracts are the opposing sides to the OTC transaction and have, respectively, the short and long market exposure associated with the OTC transaction. All such transactions must be submitted to the Clearing Services Provider by a clearing firm acting on its own behalf or for the beneficial account of a customer who is a party to the transaction. (03/01/04)]~~

~~[444.02 Clearance of Exchanges of Futures for Physicals Transactions, of Exchanges of Futures for, or in Connection with, Swap or OTC Transactions—With respect to the futures portion of an exchange of futures for physical transaction or an exchange of futures for swap transaction involving those futures designated in Regulation 444.04, or an exchange of futures for an over the counter derivative transaction involving those futures designated in Regulation 444.06, clearing firms on opposite sides of the transaction must subsequently approve the terms of the transaction, including the clearing firm (division), price, quantity, commodity, contract month and date prior to submitting the transaction to the Clearing Services Provider. (03/01/04)]~~

444.02 Transfer Trades for the Purpose of Offsetting mini-sized DowSM Futures (\$5 multiplier) and CBOT[®] Dow Jones Industrial AverageSM (DJIASM) Futures - With the consent of the account controller, a clearing member may offset and liquidate long mini-sized DowSM futures (\$5 multiplier) positions against short DJIASM futures

positions, or short mini-sized DowSM futures (\$5 multiplier) positions against long DJIASM futures positions, held in the same contract month and year and in the same account in a ratio of 2 (two) mini-sized DowSM (\$5 multiplier) contracts to 1 (one) DJIASM contract. The clearing member shall notify the Clearing Services Provider of offsetting positions by submitting reports to the Clearing Services Provider in such form and manner as the Clearing Services Provider shall specify. The positions being offset shall be transferred to a holding account at the Clearing Services Provider and long and short positions in the same contract month in the holding account will be netted, thus reducing the number of open positions in such contract. (01/01/04)

444.03 Give-Up Transactions - The futures commission merchant ("executing FCM") executing a trade on behalf of another futures commission merchant (the "carrying FCM") (including such carrying FCM's customers) must submit the trade to the Clearing Services Provider for clearing, and remains responsible for the clearing and settlement of such trade as prescribed by the Clearing Services Provider. Executing FCMs and carrying FCMs must utilize an automated invoicing system for commission payments resulting from give-up transactions, as determined by the Exchange. Notwithstanding the foregoing, the executing FCM, carrying FCM and, as applicable, the customer on the account at the carrying FCM for which the trade is executed, may by agreement set out their respective obligations and financial responsibility to one another relating to the transfer of the trade.

~~[444.04 — Exchange of Futures for, or in Connection with, Swap Transactions Involving U.S. Treasury Bond Futures, 10-Year U.S. Treasury Note Futures, 5-Year U.S. Treasury Note Futures, 2-Year U.S. Treasury Note Futures, Dow Jones AIG Commodity IndexSM Futures, 10-Year Municipal Note Index Futures, 10-Year and 5-Year Interest Rate Swap Futures — An exchange of futures for, or in connection with, a swap transaction (EFS) consists of two discrete, but related, transactions; a swap transaction and a futures transaction. At the time such transaction is effected, the buyer and seller of the futures must be, respectively, the seller and the buyer of the swap. The swap component shall involve the commodity underlying the futures contract (or a derivative, by product or related product of such commodity). The quantity covered by the swap must be approximately equivalent to the quantity covered by the futures contracts. (03/01/04)]~~

444.04 Exchange for Physical, Exchange for Swap, and Exchange for Risk Transactions

- (a) The following transactions may be executed outside of the Exchange's central markets, in accordance with the requirements of this Regulation.
- (i) Exchanges of futures for, or in connection with, cash commodities ("Exchange for Physical Transactions" or "EFPs"). EFPs may be executed in all CBOT futures contracts.
 - (ii) Exchanges of futures for, or in connection with, swap transactions ("Exchange for Swap Transactions" or EFSs"). EFSs may be executed only in U.S. Treasury Bond Futures; Long Term, Medium Term, and

Short Term U.S. Treasury Note Futures; Dow Jones-AIG Commodity IndexSM Futures; and 10-Year and 5-Year Interest Rate Swap Futures; and

- (iii) Exchanges of futures for, or in connection with, over-the-counter derivative (“OTC”) transactions (“Exchange for Risk Transactions” or “EFRs”). EFRs may be executed only in CBOT agricultural commodity futures and in U.S. Treasury Bond Futures; Long Term, Medium Term, and Short Term U.S. Treasury Note Futures; Dow Jones-AIG Commodity IndexSM Futures; 30-Day Fed Fund Futures and 10-Year and 5-Year Interest Rate Swap Futures. The OTC component of an EFR must comply with any applicable regulatory requirements prescribed by the Commodity Futures Trading Commission.
- (iv) Options on futures are not a permissible component of an EFP, EFS or EFR.

For purposes of this Regulation, all EFPs, EFSs and EFRs shall be referred to as Exchanges of Futures for Related Positions.

- (b) The Related Position (cash, swap, or OTC derivative) must involve the commodity underlying the futures contract, or must be a derivative, by-product or related product of such commodity that has a reasonable degree of price correlation to the commodity underlying the futures contract.
- (c) An Exchange of Futures for a Related Position consists of two discrete, but related simultaneous transactions. One party must be the buyer of (or have the long market exposure associated with) the Related Position and the seller of the corresponding futures, and the other party must be the seller of (or have the short market exposure associated with) the Related Position and the buyer of the corresponding futures. However, a member firm may facilitate, as principal, the Related Position on behalf of a customer, provided that the member firm can demonstrate that the Related Position was passed through to the customer that received the futures position as part of the Exchange of Futures for Related Position transaction.
- (d) The accounts involved on each side of an Exchange of Futures for a Related Position: (a) must have different beneficial ownership; or (b) must be under separate control; or (c) must involve separate legal entities.
- (e) The quantity covered by the Related Position must be approximately equivalent to the quantity covered by the futures contracts.
- (f) Exchanges of Futures for Related Positions may be entered into in accordance with the applicable trading increments set forth in the rules governing such futures contracts, at such prices as are mutually agreed upon by the two parties to the transaction.

- (g) Clearing firms on opposite sides of an Exchange of Futures for a Related Position must subsequently approve the terms of the transaction, including the clearing firm (division), price, quantity, commodity, contract month and date prior to submitting the transaction to the Clearing Services Provider. All Exchanges of Futures for Related Positions must be submitted to the Clearing Services Provider by a clearing firm acting on its own behalf or for the beneficial account of a customer who is a party to the transaction.
- (h) Each Exchange of Futures for a Related Position shall be designated as such, and cleared through the Exchange's Clearing Services Provider as if it were a transaction executed in the Exchange's central markets. The transaction shall be submitted to the Clearing Services Provider within the time period and in the manner specified by the Clearing Services Provider.
- (i) The time of execution of an Exchange of Futures for a Related Position must be recorded on the futures order ticket, and on the record submitted to the Exchange's Clearing Services Provider.
- (j) Parties to any Exchange of Futures for a Related Position must maintain all documents relevant to the futures and the cash, swap, or OTC transactions, including all documents customarily generated in accordance with cash or other relevant market practices and any documents reflecting payment and transfer of title, and must provide such documents to the Exchange upon its request.

444.05[3] Transfer Trades and Exchanges of Futures for Related Positions in a Delivery Month - During the delivery month and 2 business days prior to the first delivery day, [~~or in the case of crude petroleum during position month~~] transfer trades, or Exchanges of Futures for Related Positions, as described in Regulation 444.04, for the purpose of offsetting existing positions where no change of ownership is involved, are prohibited when the date of execution of the position being transferred, or the futures component of the Exchange of Futures for Related Position, is not the same as the transfer or Exchange of Futures for Related Position trade date. Positions carried at the same or different [~~houses~~] futures commission merchants for the same owner 2 business days prior [~~and~~] to a delivery month and thereafter [~~or in the case of crude petroleum during position month~~] are required to be offset [~~in the pit~~] through open auction or on e-cbot, as applicable, or fulfilled through the normal delivery process. Where the positions are carried at different futures commission merchants, t[F]he receiving firm has the responsibility to assure compliance with this regulation. (08/01/94)

~~444.05~~ — Transfer Trades for the Purpose of Offsetting mini sized DowSM Futures (\$5 multiplier) and CBOT[®] Dow Jones Industrial AverageSM (DJIASM) Futures — With the consent of the account controller, a clearing member may offset and liquidate long mini sized DowSM futures (\$5 multiplier) positions against short DJIASM futures positions, or short mini sized DowSM futures (\$5 multiplier) positions against long DJIASM futures positions, held in the same contract month and year and in the same account in a ratio of 2 (two) mini sized DowSM (\$5 multiplier) contracts to 1 (one)

~~DJIASM contract. The clearing member shall notify the Clearing Services Provider of offsetting positions by submitting reports to the Clearing Services Provider in such form and manner as the Clearing Services Provider shall specify. The positions being offset shall be transferred to a holding account at the Clearing Services Provider and long and short positions in the same contract month in the holding account will be netted, thus reducing the number of open positions in such contract. (01/01/04)]~~

~~[444.06 Exchange of Agricultural Commodity Futures For, Or in Connection With, OTC Transactions—An exchange of futures for, or in connection with, an over-the-counter (OTC) derivative transaction (an EFR transaction) consists of two discrete, but related, transactions; an OTC transaction and a futures transaction. At the time such transaction is effected, the buyer and seller of the futures contracts must be the opposing sides to the OTC transaction and have, respectively, the short and long market exposure associated with the OTC transaction. The OTC transaction shall involve the commodity underlying the futures contract (or a derivative, by product or related product of such commodity). The quantity covered by the OTC transaction must be approximately equivalent to the quantity covered by the futures contracts. The OTC component of an EFR must comply with any applicable regulatory requirements prescribed by the Commodity Futures Trading Commission. (04/01/05)]~~

500.00 Inequitable Proceedings - It shall be an offense against the Exchange to violate any Rule or Regulation of the Exchange or any policy, Rule or Regulation of the Clearing Services Provider to which CBOT Clearing Members are subject pursuant to a Clearing Services Agreement between the Exchange and such Clearing Services Provider, regulating the conduct or business of members or other persons within the jurisdiction of the Exchange, or any agreement made with the Exchange, or to engage in fraud, dishonest or dishonorable conduct, or in conduct or proceedings inconsistent with just and equitable principles of trade, or make default relating to the delivery of contracts traded for future delivery [~~(unless such default was unintentional)~~].

502.00 [~~Demoralization of~~] **Market Manipulation** – Any manipulation of prices of, or any attempt to manipulate or corner the market in, any commodity, security, or futures or options contract is prohibited. Purchases or sales of commodities, [~~or~~] securities, or futures or options contracts, or offers to purchase or sell commodities, [~~or~~] securities, or futures or options contracts, [~~made~~] for the purpose of upsetting the equilibrium of the market [~~and bringing about~~] or creating a condition [~~of demoralization~~] in which prices do not or will not [~~fairly~~] reflect fair market values, are [~~forbidden~~] prohibited, and any [~~member~~] person who makes or assists in making such purchase or sale or offers to purchase or sell with knowledge of the purpose thereof, or who, with such knowledge [~~shall be a party to~~] assists in carrying out any plan or scheme for the making of such purchases or sales or offers to purchase or sell, shall be deemed to [~~be guilty of~~] have engaged in an act inconsistent with just and equitable principles of trade and an act detrimental to the interest or welfare of the Exchange.

505.00 [~~Commodity Exchange Act~~] **Adherence to Law** - All members and

member firms shall comply with the Commodity Exchange Act and Commodity Futures Trading Commission Rules and Regulations and, with respect to security futures, the Securities Exchange Act of 1934 ("Exchange Act") and Securities and Exchange Commission Rules and Regulations, as applicable. Any member or any member firm ~~[adjudged guilty of a violation of]~~ found to have violated the Commodity Exchange Act or ~~[of]~~ any Regulation or Order thereunder, or with respect to security futures, the Exchange Act or any Regulation or Order thereunder, by the final decision in a federal administrative or judicial proceeding, may be deemed to have violated Rule 504.00 ~~[of the Exchange]~~. 603 (04/01/05)

509.00 Other Offenses

- A. It shall be an offense against the Exchange to:
- (a) Attempt extortion;
 - (b) Trade systematically against the orders or positions of his customers;
 - (c) ~~[Manipulate prices of or attempt to corner the market in any commodity, or security;]~~
 - (d) Disseminate false or inaccurate market information;
 - (e) Trade or accept margins after insolvency;
 - (f) Make any trade for the account of ~~[or give up the name of]~~ any clearing member without authority from such clearing member;
 - (g) ~~[Be deprived of the privilege of trading]~~ Trade while subject to a trading prohibition under the Commodity Exchange Act;
 - ~~(h)~~(g) Trade for any person ~~[deprived of the privilege of trading]~~ subject to a trading prohibition under the Commodity Exchange Act;
 - (h) Accept an order or make a trade for any employees of the Clearing Services Provider except in the exercise of their official duties; or
 - (i) Fail to comply with an order or award of the ~~[Committee of]~~-Arbitration Committee or any disciplinary committee.
- B. No member shall be directly or indirectly interested in or ~~[associated in business with, or have his office directly or indirectly connected by public or private wire or other method or contrivance with, or]~~ transact any business directly or indirectly with or for
- (a) Any bucket shop; or
 - (b) Any organization, firm, or individual making a practice of dealing ~~[e]~~in differences in market quotations; or
 - (c) Any organization, firm or individual engaged in purchasing or selling ~~[commodities or securities]~~ futures or options for customers and making a practice of taking the side of the market opposite to the side taken by customers.

545.02 Record Keeping – [~~Pursuant to Rule 545.00 and Regulation 545.03, e]~~ Each member, [~~and~~] member firm, firm declared regular for delivery under the Exchange's Rules and Regulations, or other person subject to the jurisdiction of the Exchange shall keep in an accurate and complete manner all books and records required to be made or maintained under the Rules and Regulations and, as applicable, the Commodity Exchange Act and Commodity Futures Trading Commission Regulations and, with respect to security futures, the Securities and Exchange Act of 1934 and Securities and Exchange Commission Regulations. All books and records required to be kept shall be kept for a period of five (5) years from the date thereof and shall be readily accessible for a period of two (2) years from the date thereof. All reports required to be submitted to the Exchange [~~or its delegate~~] shall be reported accurately and completely.

~~[545.03 Record Keeping Qualifications – Each member, member firm and other person with membership privileges shall be required, pursuant to the rules and regulations, to keep, maintain and furnish only those books and records that relate directly to the trading of futures and options contracts, satisfaction of the minimum financial requirements for futures commission merchants, and qualifications for membership.]~~

915.03 Exchange – When used with reference to the administration of any rule or regulation, the term “Exchange” means the Board of Directors, a Committee that has been authorized by the Board to administer such rule or regulation, or staff designated by the Board or such an authorized Committee to administer such rule or regulation.

9B.11 Order Entry-

(a) A member or Registered User who is registered as a floor broker or associated person, or in a comparable capacity under applicable law, may enter discretionary or non-discretionary orders on behalf of any account of a clearing member with the prior approval of the clearing member responsible to clear such orders.

(b) A member or Registered User who is not registered as a floor broker or associated person, or in a comparable capacity under applicable law, may enter non-discretionary orders on behalf of customers. Such member or Registered User may enter discretionary or non-discretionary orders for the account of his employer or for his own account provided he does not enter or handle customer orders.

(c) It shall be the duty of each member or Registered User to: (1) submit orders through the e-cbot system under his registered e-cbot User ID and (2) input for each order the price, quantity, product, expiration month, correct CTI code and appropriate account designation and, for options, put or call and strike price. A suspense account may be used at the time of order entry provided that a contemporaneous written record of the order, with the correct account designation, is made, time-stamped and maintained in accordance with Regulation 9B.18, and provided that the correct account designation is entered into the clearing system prior to the end of the trading day. A suspense account may also be used at the time of order entry for bunched orders that are eligible for post-trade allocation, and are executed pursuant to and in accordance with CFTC Regulation 1.35(a-1)(5).

(d) With respect to orders received by a member or Registered User which are

immediately entered into the e-cbot system, no separate record need be made. However, if a member or Registered User receives an order that is not immediately entered into the e-cbot system, a record of the order including the order instructions, account designation, date, time of receipt and any other information that is required by the Exchange must be made. The order must be entered into the e-cbot system when it becomes executable.

1809.02 Liquidation in the Last Seven Days of Delivery Months - After trading in expiring contracts [~~for future delivery in the current delivery month~~]has ceased in accordance with Regulation 1809.01[~~of this chapter~~], an outstanding contract[s] may be liquidated by the delivery of book-entry U.S. Treasury Bonds (Regulation 1842.01), or by mutual agreement by means of a bona fide exchange of such ~~current futures~~ expiring contracts for, or in connection with, actual U.S. Treasury Bonds or comparable instruments, [~~or by mutual agreement by means of a bona fide exchange of such current futures for, or in connection with,~~] a swap transaction, ~~{(per Regulation 444.04)}~~ or an over-the-counter derivative transaction, pursuant to Regulation 444.04. Such exchanges must, in any event, be made no later than the fifth business day immediately preceding the last business day of the delivery month.

2309.02 Liquidation after Trading Has Ceased - After trading in expiring contracts [~~for future delivery in the current delivery month~~]has ceased in accordance with Regulation 2309.01[~~of this chapter~~], an outstanding contract[s] may be liquidated by the delivery of book-entry U.S. Treasury Notes (Regulation 2342.01), or by mutual agreement by means of a bona fide exchange of such ~~current futures~~ expiring contracts for, or in connection with, actual U.S. Treasury Notes or comparable instruments, [~~or by mutual agreement by means of a bona fide exchange of such current futures for, or in connection with,~~] a swap transaction, ~~{(per Regulation 444.04)}~~ or an over-the-counter derivative transaction, pursuant to Regulation 444.04. Such exchanges must, in any event, be made no later than noon Chicago time on the business day immediately following the last day of trading in the expiring contract (Regulation 2309.01)[the fifth business day immediately preceding the last business day of the delivery month].

2409.02 Liquidation in the Last Seven Days of Delivery Months - After trading in expiring contracts [~~for future delivery in the current delivery month~~]has ceased in accordance with Regulation 2409.01[~~of this chapter~~], an outstanding contract[s] may be liquidated by the delivery of book-entry U.S. Treasury Notes [~~or bonds~~](Regulation 2442.01), or by mutual agreement by means of a bona fide exchange of such ~~current futures~~ expiring contracts for, or in connection with, actual U.S. Treasury Notes [~~or bonds~~] or comparable instruments, [~~or by mutual agreement by means of a bona fide exchange of such current futures for, or in connection with,~~] a swap transaction, ~~{(per Regulation 444.04)}~~ or an over-the-counter derivative transaction, pursuant to Regulation 444.04. Such exchanges must, in any event, be made no later than the fifth business day immediately preceding the last business day of the delivery month.

Wording in Regulation 2509.02 applicable to contracts expiring during or before March 2006:

2509.02 Liquidation in the Last Seven Days of Delivery Month -- After trading in expiring contracts [~~for future delivery in the current delivery month~~] has ceased in accordance with Regulation 2509.01 [~~of this chapter~~], an outstanding contract[s] may be liquidated by the delivery of book-entry U.S. Treasury notes [~~or bonds~~] (Regulation 2542.01), or by mutual agreement by means of a bona fide exchange of such [~~current futures~~] expiring contracts for, or in connection with, actual U.S. Treasury notes [~~or bonds~~] or comparable instruments, [~~or by mutual agreement by means of a bona fide exchange of such current futures for, or in connection with,~~] a swap transaction, [~~per Regulation 444.04~~] or an over-the-counter derivative transaction, pursuant to Regulation 444.04. Such exchanges must, in any event, be made no later than the fifth business day immediately preceding the last business day of the delivery month.

Wording in Regulation 2509.02 applicable to contracts expiring later than March 2006:

2509.02 Liquidation [~~in the Last Seven Days of Delivery Month~~] after Trading has Ceased -- After trading in expiring contracts has ceased in accordance with Regulation 2509.01, an outstanding contract may be liquidated by the delivery of book-entry U.S. Treasury Notes (Regulation 2542.01), or by mutual agreement by means of a bona fide exchange of such expiring contracts for, or in connection with, actual U.S. Treasury Notes or comparable instruments, a swap transaction, or an over-the-counter derivative transaction, pursuant to Regulation 444.04. Such exchanges must, in any event, be made no later than [~~the fifth~~] noon Chicago time on the business day immediately [~~preceding~~] following the last [~~business day of the delivery month~~] day of trading in the expiring contract (Regulation 2509.01).