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November 9, 2006

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

Reference File # 2737.01  
Rule Certification

Dear Ms. Donovan:

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

- **New Regulations XX01.01 through XX47.01 and revised Rulebook Appendix 4C per the attached texts.**

The referenced provisions will establish specifications for CBOT Denatured Fuel Ethanol Forward Month and Previous Month Swaps. These products will be traded off-exchange on an OTC basis and will be cleared through the Exchange's Clearing Services Provider. These swaps will be based on the price of CBOT Ethanol futures contracts.

The CBOT intends to implement these regulations on or about December 4, 2006.

There were no opposing views concerning these regulations.

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

Sincerely,

Paul J. Draths  
Vice President and Secretary

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## ATTACHMENT 1

### Chapter XX Denatured Fuel Ethanol Forward Month Swap

**XX01.01 Authority** - Trading in Denatured Fuel Ethanol Forward Month Swaps may be conducted under such terms and conditions as may be prescribed by Regulation.

**XX02.01 Application of Regulation** - Transactions in Denatured Fuel Ethanol Forward Month Swaps 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 Denatured Fuel Ethanol Forward Month Swaps.

**XX04.01 Unit of Trading** - The unit of trading shall be 14,500 gallons of Denatured Fuel Ethanol. Bids and offers may be accepted in dollars and cents and tenths of a cent or multiples thereof per gallon.

**XX05.01 Months Traded In** - Trading in Denatured Fuel Ethanol Forward Month Swaps is regularly conducted in all twelve months but shall be permitted in the current delivery month plus any succeeding months. The number of months to be open at one time shall be at the discretion of the Exchange.

**XX06.01 Price Basis** - Minimum price fluctuations shall be in multiples of one tenth of one cent (\$0.001) per gallon. Contracts shall not be made on any other price basis.

**XX07.01 Hours for Clearing Entry** - The Exchange shall determine the hours during which Denatured Fuel Ethanol Forward Month Swaps may be submitted to the Clearing Services Provider.

Positions shall be initiated or closed out using off-exchange transactions.

**XX09.01 Last Day of Trading** - The last day of trading in Denatured Fuel Ethanol Forward Month Swaps deliverable in the current delivery month shall be the trading day immediately preceding the final settlement day as prescribed in Regulation XX42.03.

**XX09.02 Liquidation During the Delivery Month** - After trading in contracts for future delivery in the current delivery month has ceased, in accordance with Regulation XX09.01 of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Regulation XX42.01.

**XX10.01 Margin Requirements** - (See Regulation 431.03)

**XX11.01 Disputes** - All disputes between interested parties may be settled by arbitration as provided in the Rules and Regulations.

**XX12.01 Position Limits and Reportable Positions** - (See 425.01)

## **Chapter XX Delivery Procedures**

**XX36.01 Standards** - The contract grade shall be the final settlement price (as described in Regulation XX42.02) on final settlement day (as described in Regulation XX42.03).

**XX42.01 Delivery** – Delivery against Denatured Fuel Ethanol Forward Month Swaps must be made through the Clearing Services Provider. Delivery under these regulations shall be on the final settlement day (as described in Regulation XX42.03) and shall be accomplished by cash settlement.

Clearing members holding open positions in Denatured Fuel Ethanol Forward Month Swaps at the time of termination of trading shall make payment to and receive payment through the Clearing Services Provider in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Regulation XX42.02).

**XX42.02 Final Settlement Price and Daily Settlement During the Last Month of Trade** – The final settlement price shall be determined on the final settlement day. Final settlement shall be the cumulative average of the settlement prices for the CBOT Denatured Fuel Ethanol futures contract following the Denatured Fuel Ethanol Forward Month Swap contract month for each trading day in the Denatured Fuel Ethanol Forward Month Swap contract month.

For example, final settlement for a May Denatured Fuel Ethanol Forward Month Swap would be the cumulative average of daily settlement for the June Denatured Fuel Ethanol futures contract during the month of May.

Daily settlement during the last month of trade shall be the cumulative average of the settlement prices for the CBOT Denatured Fuel Ethanol futures contract following the Denatured Fuel Ethanol Forward Month Swap for each trading day in the last month of trading the Denatured Fuel Ethanol Forward Month Swap contract.

For example, the daily settlement for a May Denatured Fuel Ethanol Forward Month Swap on the 5<sup>th</sup> trading day in May would be the average over the first 5 trading days in May of the June Denatured Fuel Ethanol futures contract. On the 6<sup>th</sup> trading day, the daily settlement would be the average over the first 6 trading days.

**XX42.03 The Final Settlement Day** – The final settlement day shall be defined as the last trading day of the contract month.

**XX42.04 Daily Settlement** – Daily settlement other than settlement on the final settlement day (as described in Regulation XX42.03) or during the last month of trading shall be the settlement price for the CBOT Denatured Fuel Ethanol futures contract following the Denatured Fuel Ethanol Forward Month Swap contract month on that day.

**XX47.01 Payment** – (See Regulation 1049.04)

## ATTACHMENT 2

### Chapter XX Denatured Fuel Ethanol Previous Month Swap

**XX01.01 Authority** -Trading in Denatured Fuel Ethanol Previous Month Swaps may be conducted under such terms and conditions as may be prescribed by Regulation.

**XX02.01 Application of Regulation** - Transactions in Denatured Fuel Ethanol Previous Month Swaps 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 Denatured Fuel Ethanol Previous Month Swaps.

**XX04.01 Unit of Trading** - The unit of trading shall be 14,500 gallons of Denatured Fuel Ethanol. Bids and offers may be accepted in dollars and cents and tenths of a cent or multiples thereof per gallon.

**XX05.01 Months Traded In** – Trading in Denatured Fuel Ethanol Previous Month Swaps is regularly conducted in all twelve months but shall be permitted in the current delivery month plus any succeeding months. The number of months to be open at one time shall be at the discretion of the Exchange.

**XX06.01 Price Basis** - Minimum price fluctuations shall be in multiples of one tenth of one cent (\$0.001) per gallon. Contracts shall not be made on any other price basis.

**XX07.01 Hours for Clearing Entry** – The Exchange shall determine the hours during which Denatured Fuel Ethanol Previous Month Swaps may be submitted to the Clearing Services Provider.

Positions shall be initiated or closed out using off-exchange transactions.

**XX09.01 Last Day of Trading** - The last day of trading in Denatured Fuel Ethanol Previous Month Swaps deliverable in the current delivery month shall be the trading day immediately preceding the final settlement day as prescribed in Regulation XX42.03.

**XX09.02 Liquidation During the Delivery Month** – After trading in contracts for future delivery in the current delivery month has ceased, in accordance with Regulation XX09.01 of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Regulation XX42.01.

**XX10.01 Margin Requirements** - (See Regulation 431.03)

**XX11.01 Disputes** - All disputes between interested parties may be settled by arbitration as provided in the Rules and Regulations.

**XX12.01 Position Limits and Reportable Positions** - (See 425.01)

## **Chapter XX Delivery Procedures**

**XX36.01 Standards** - The contract grade shall be the final settlement price (as described in Regulation XX42.02) on final settlement day (as described in Regulation XX42.03).

**XX42.01 Delivery** – Delivery against Denatured Fuel Ethanol Previous Month Swaps must be made through the Clearing Services Provider. Delivery under these regulations shall be on the final settlement day (as described in Regulation XX42.03) and shall be accomplished by cash settlement.

Clearing members holding open positions in Denatured Fuel Ethanol Previous Month Swaps at the time of termination of trading shall make payment to and receive payment through the Clearing Services Provider in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Regulation XX42.02).

**XX42.02 Final Settlement Price and Daily Settlement During the Last Month of Trade** – The final settlement price shall be determined on the final settlement day. Final settlement shall be the cumulative average of the settlement prices for the corresponding CBOT Denatured Fuel Ethanol futures contract for each trading day in the month prior to the Denatured Fuel Ethanol Previous Month Swap contract month.

For example, final settlement for a May Denatured Fuel Ethanol Previous Month Swap would be the cumulative average of daily settlement for the May Denatured Fuel Ethanol futures contract during the month of April.

Settlement during the last month of trade (i.e., the month prior to the Denatured Fuel Ethanol Previous Month Swap contract month) shall be the cumulative average of the settlement prices for the corresponding CBOT Denatures Fuel Ethanol futures contract for each trading day in the last month of trading the Denatured Fuel Ethanol Previous Month Swap contract.

For example, the daily settlement for a May Denatured Fuel Ethanol Previous Month Swap on the 5<sup>th</sup> trading day in April would be the average over the first 5 trading days in April of the May Denatured Fuel Ethanol futures contract. On the 6<sup>th</sup> trading day, the daily settlement would be the average over the first 6 trading days.

**XX42.03 The Final Settlement Day** – The final settlement day shall be defined as the last trading day of the month prior to the contract month.

**XX42.04 Daily Settlement** – Daily settlement other than settlement on the final settlement day (as described in Regulation XX42.03) or during the last month of trading shall be the settlement price for the corresponding CBOT Denatured Fuel Ethanol futures contract.

**XX47.01 Payment** – (See Regulation 1049.04)

## APPENDIX 4C

### POSITION LIMITS AND REPORTABLE POSITIONS

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 will be adjusted by the prior day's risk factor, or delta coefficient, for that option which has been calculated by the Exchange's Clearing Services Provider

For the purpose of this 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 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 product in which the sum of the delta factors is zero.

(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.

	*SPOT	*SINGLE	*ALL	*REPORTABLE	*REPORTABLE
CONTRACT	MONTH	MONTH	MONTH	FUTURES LEVEL	OPTIONS LEVEL
10-Year Interest Rate Swap	None	None	None	500	500
5-Year Interest Rate Swap	None	None	None	500	500
Binary Options on the Fed	None	None	None		600
CBOT Dow Jones Industrial Average <sup>sm</sup> Index (\$25 multiplier)	None	None	50,000 (aggregate DJIA <sup>sm</sup> limit, see #9)	200	
CBOT Dow Jones Industrial Average <sup>sm</sup> Index	None	None	50,000 (aggregate DJIA <sup>sm</sup> limit, see #9)	200	200
CBOT mini-sized Dow <sup>sm</sup> (\$5 multiplier)	None	None	50,000 (aggregate DJIA <sup>sm</sup> limit, see #9)	200	200
CBOT Dow Jones-AIG Commodity Index <sup>sm</sup>	None	None	15,000	25	
CBOT Dow Jones-AIG Excess Return Commodity Index <sup>sm</sup>	None	None	None	200	
CBOT 5,000 oz. Silver	1,500	6,000	6,000	150	150
CBOT 100 oz. Gold	3,000	6,000	6,000	200	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 #13)	None	None	1,500	1,500
U.S. Treasury Notes (5yr.)	(see #13)	None	None	2,000	2,000
U.S. Treasury Notes (6 1/2-10yr.)	(see #13)	None	None	2,000	2,000
U.S. Treasury Notes (2yr.)	(see #13)	None	None	1,000	1,000
30 Day Fed Fund	None	None	None	600	600
mini-sized Eurodollars	10,000	10,000	10,000	400	
Corn and CBOT mini-sized Corn	600 (aggregate, see #10)	13,500 (aggregate, see #1, 10)	22,000 (aggregate, see #1, 3, 10)	250 (individual, see #11)	250
Soybeans and CBOT mini-sized Soybeans	600 (aggregate, see #10)	6,500 (aggregate, see #1, 10)	10,000 (aggregate, see #1, 4, 10)	150 (individual, see #11)	150
South American Soybeans	600	3,500	5,500	25	

	(see #12)	(see #1)	(see #1)		
Wheat and CBOT mini-sized Wheat	600 (aggregate, see #8, 10)	5,000 (aggregate , see #1, 10)	6,500 (aggregate, see #1, 7, 10)	150 (individual, see #11)	150
Oats	600	1,400 (see #1)	2,000 (see #1,6)	60	60
Rough Rice	600 (see#5)	1,000	1,000 (see#2)	50	50
Soybean Oil	540	5,000 (see #1,7)	6,500 (see #1,7)	200	200
Soybean Meal	720	5,000 (see #1,7)	6,500 (see #1,7)	200	200
Soybean Crush Options	N/A	1,000 (see #1)	1,000		100
Ethanol	200	1,000	1,000	25	
Ethanol Forward Month Swap	N/A	N/A	N/A	N/A	N/A
Ethanol Previous Month Swap	N/A	N/A	N/A	N/A	N/A

#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 1,000 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/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 13,500 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 6,500 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 determined 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 1,400 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 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.

#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 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 DJIA Index (\$25 multiplier) futures, mini-sized Dow (\$5 multiplier) futures and options, and DJIA Index futures and options is 50,000 DJIA Index futures contracts, net long or net short in all contract months combined. For the purposes of this appendix:

- One DJIA Index futures contract shall be deemed to be equivalent to two mini-sized Dow (\$5 multiplier) contracts.
- One DJIA Index (\$25 multiplier) futures contract shall be deemed to be equivalent to five mini-sized Dow (\$5 multiplier) contracts.
- Two DJIA Index (\$25 multiplier) futures contracts shall be deemed to be equivalent to five DJIA Index futures contracts.

#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 this Appendix, one mini-sized Corn, one mini-sized Soybean, 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 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 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.