

The CBOT Petition to Repeal CFTC
Regulation 150.2 and Proposal to
Increase Single- and All-Month
Speculative Position Limits

Bernard Dan, President and CEO - CBOT

CFTC Agricultural Advisory
Committee

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The CBOT Proposal

- Repeal Federal Speculative Position Limits Specified in CFTC Regulation 150.2
- Approve CBOT Submission to Increase Speculative Position Limits Specified in CBOT Regulation 425.01
- Give Exchanges Authority to Establish and Monitor Speculative Position Limits Consistent With CFTC Guidelines and With CFTC Oversight
- Maintain CFTC Guidelines and Oversight

Why Repeal CFTC Regulation 150.02?

- Allows Quicker Response to Market Changes (The Last Change In Spec. Limits in 1999 Took 7 Years to Fully Implement)
- Enables Regulated Exchanges to Better Compete With OTC Markets to Attract Speculative Capital
- Consistent With CFMA Core Principles

Proposed Changes in CBOT Regulation 425.01

- Spot-Month Limits – NO CHANGE
- Single-Month Limits – (Based on CFTC Guidelines Using 2003 Data)
 - Corn – From 5,500 to 10,000 Contracts
 - Wheat – From 3,000 to 4,500 Contracts
 - Soybeans – From 3,500 to 6,500 Contracts
 - Soybean Oil – From 3,000 to 4,500 Contracts
 - Soybean Meal – From 3,000 to 4,500 Contracts

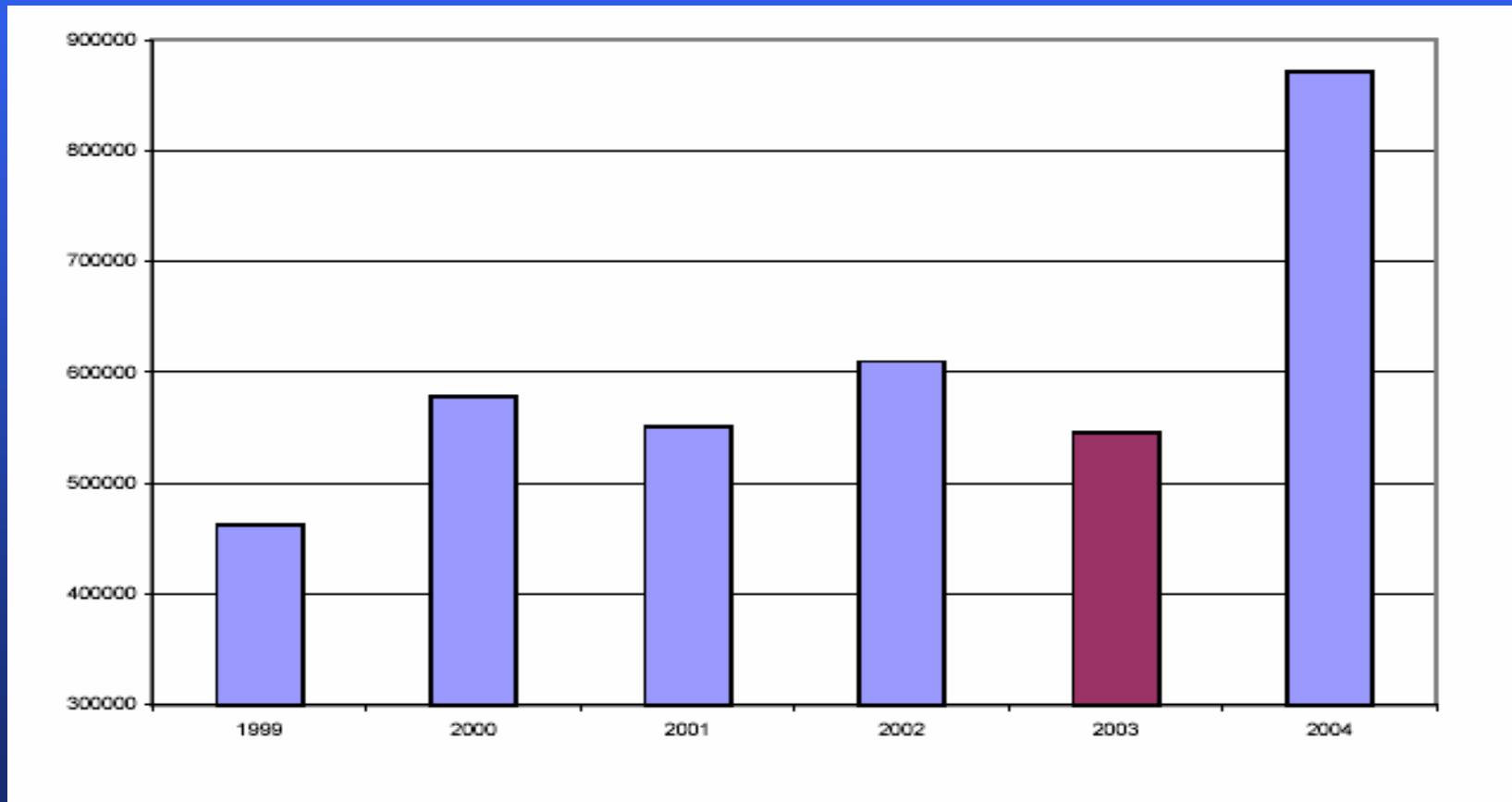
Proposed Changes in CBOT Regulation 425.01 (cont.)

- All-Month Limits – (Based on CFTC Guidelines Using 2003 Data)
 - Corn – From 9,000 to 17,000 Contracts
 - Wheat – From 4,000 to 5,500 Contracts
 - Soybeans – From 5,500 to 10,000 Contracts
 - Soybean Oil – From 4,000 to 6,500 Contracts
 - Soybean Meal – From 4,000 to 6,000 Contracts

Speculative Limit Guidelines from CFTC Regulation 150.5

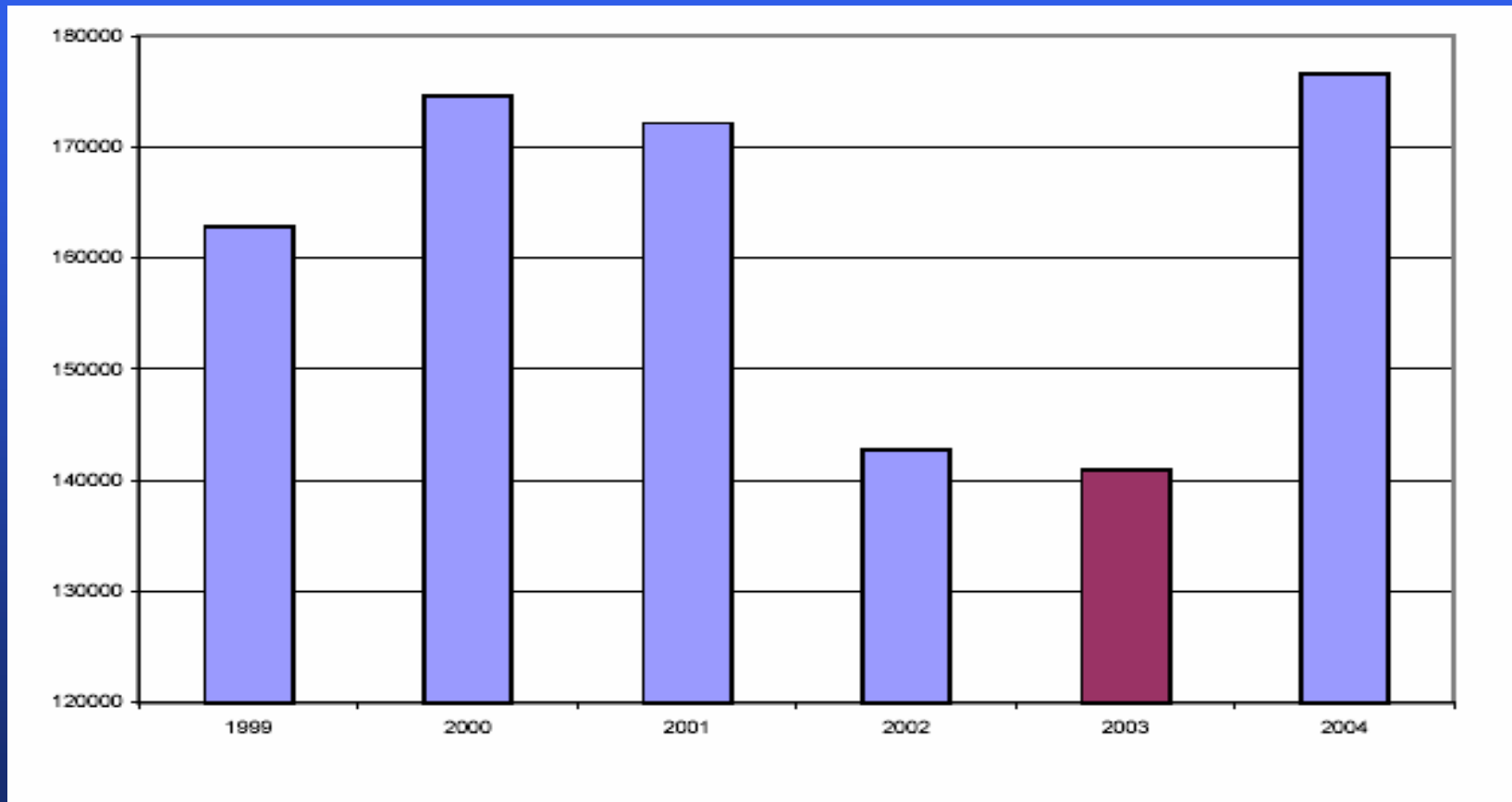
- Spot-Month: No Greater Than 25 Percent of the Spot Month Deliverable Supply
- Single- and All-Months: No Greater Than 10 Percent of Average Combined Futures and Delta-Adjusted Option Month-End Open Interest for the Most Recent Calendar Year Up To 25,000 Contracts With a Marginal Increase of 2.5 Percent Thereafter. The Guidelines Also Suggest That the Breadth and Liquidity of the Underlying Cash Market and Arbitrage Opportunities Between the Futures and Cash Markets May Be Relevant Considerations.

Weekly Average Corn Futures and Options Open Interest 1999-2004



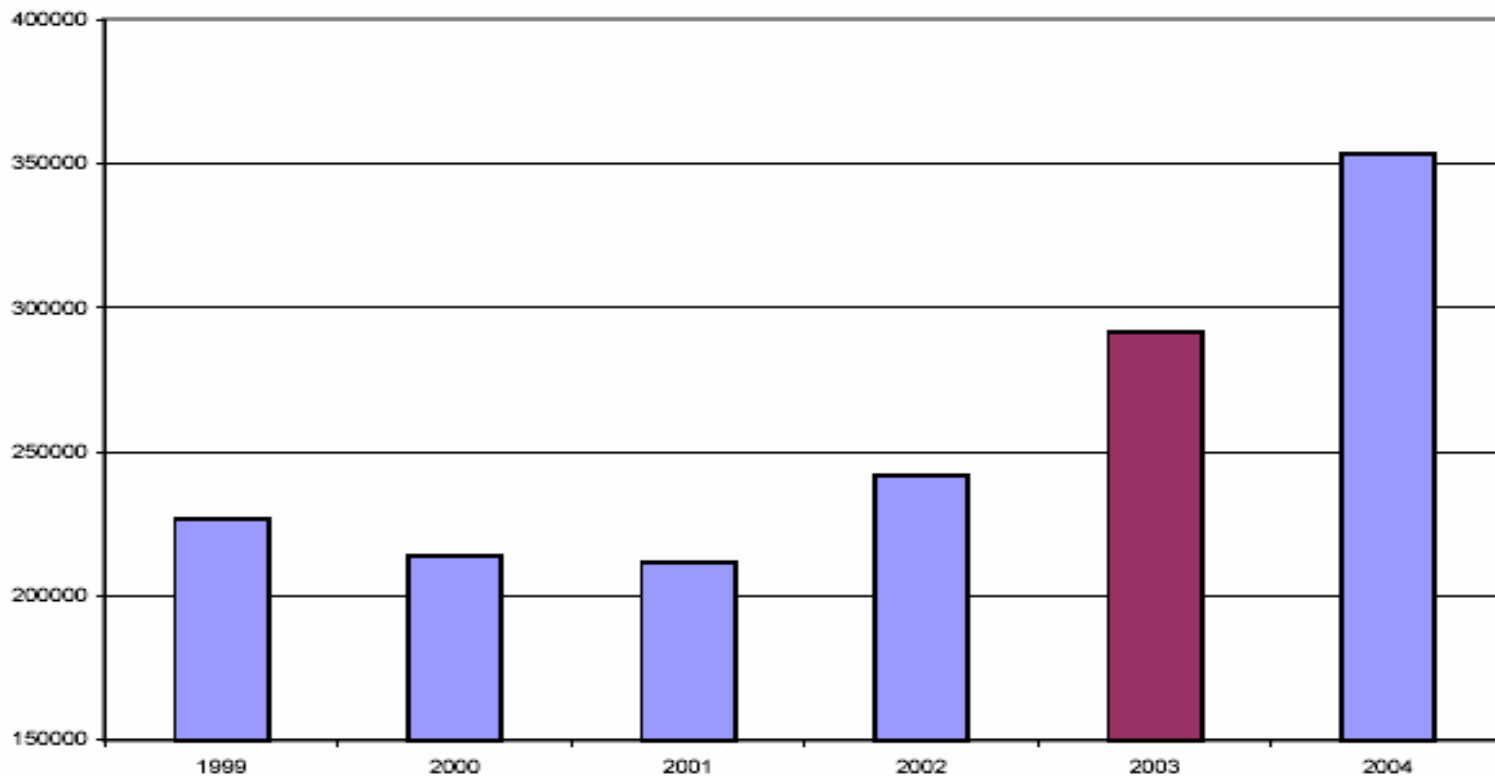
Note: Proposed Speculative Limits Are Based on 2003 Open Interest Data

Weekly Average Wheat Futures and Options Open Interest 1999-2004



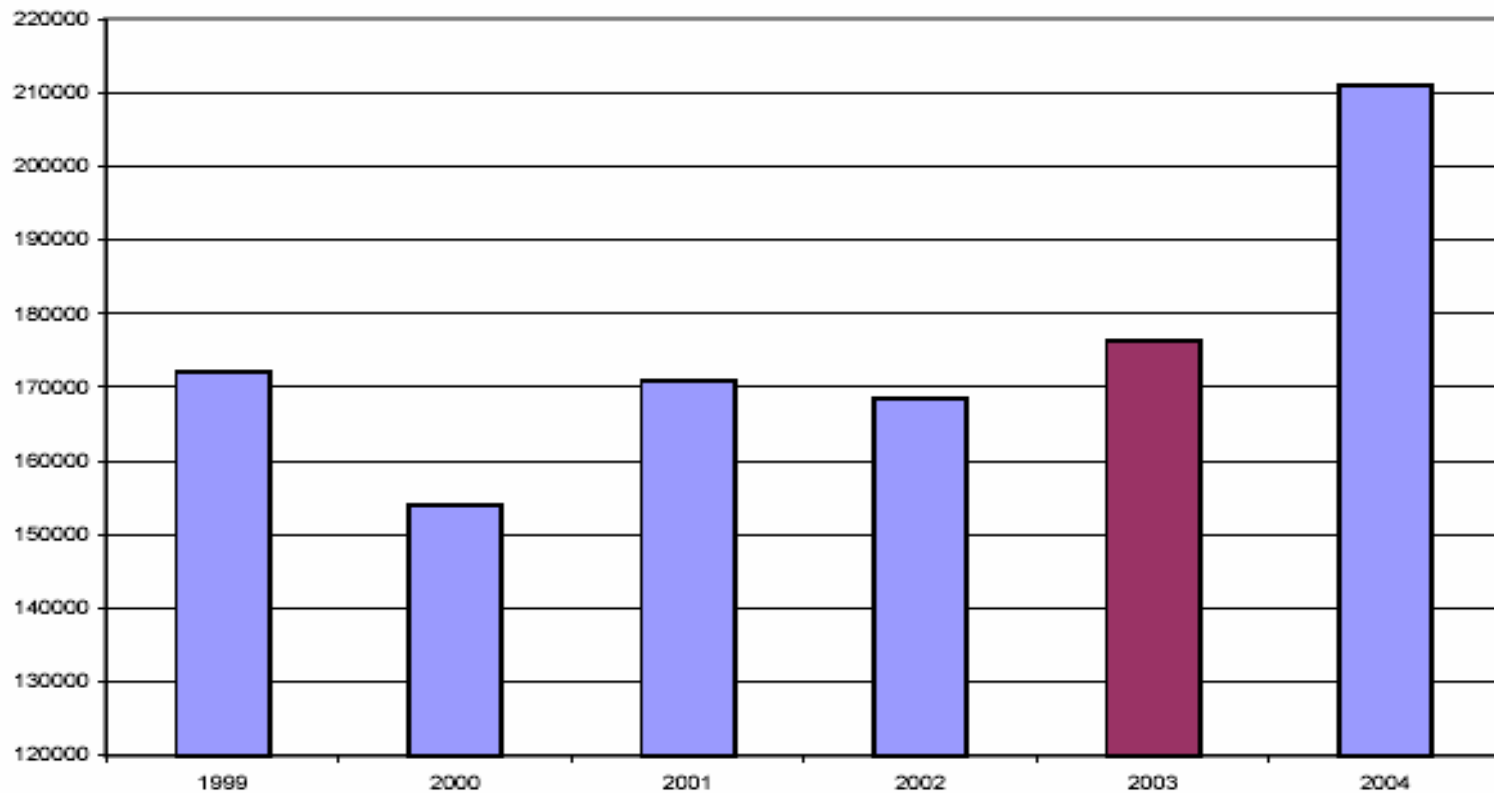
Note: Proposed Speculative Limits Are Based on 2003 Open Interest Data

Weekly Average Soybean Futures and Options Open Interest 1999-2004



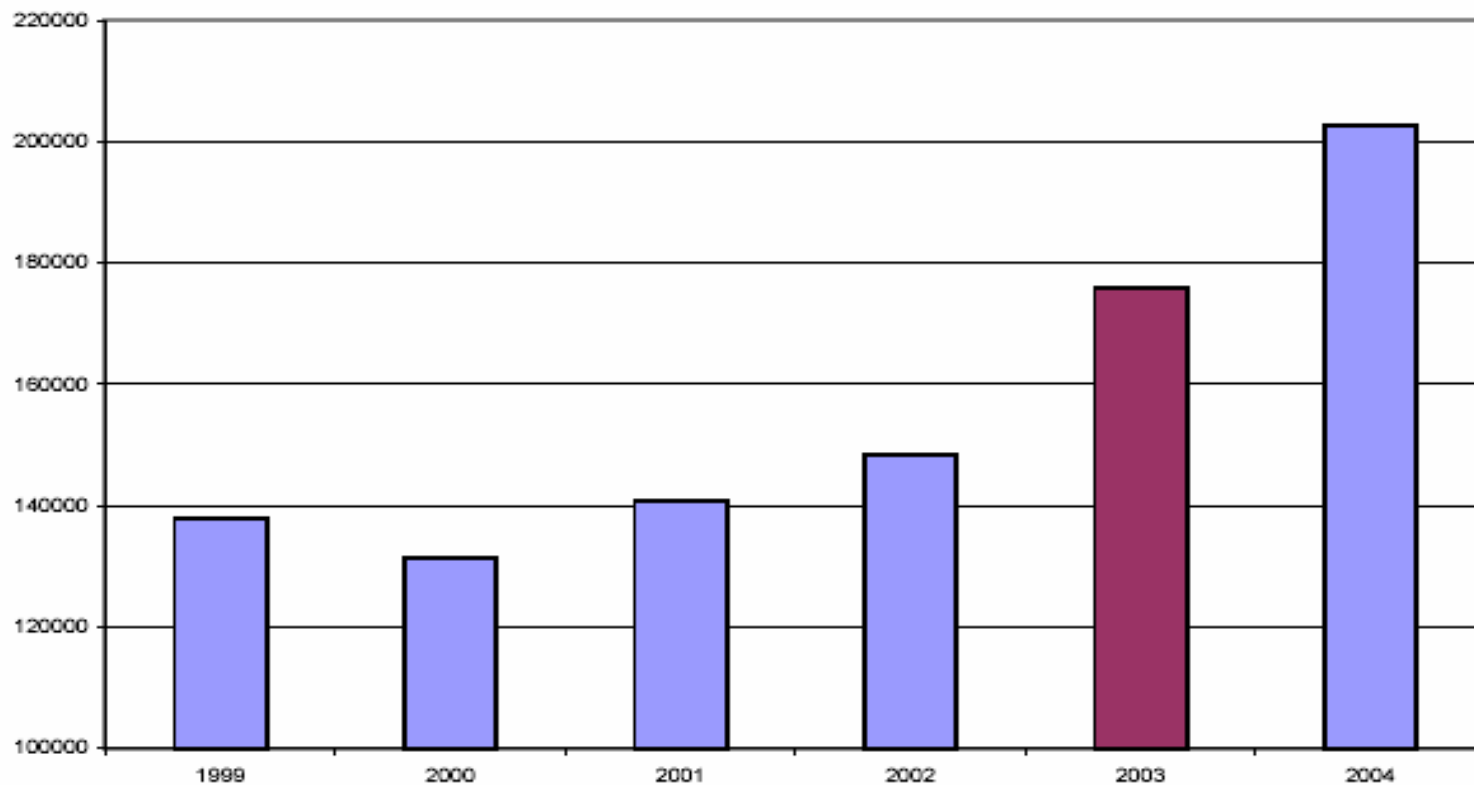
Note: Proposed Speculative Limits Are Based on 2003 Open Interest Data

Weekly Average Soybean Oil Futures and Options Open Interest 1999-2004



Note: Proposed Speculative Limits Are Based on 2003 Open Interest Data

Weekly Average Soybean Meal Futures and Options Open Interest 1999-2004



Note: Proposed Speculative Limits Are Based on 2003 Open Interest Data

More Liquidity Helps Hedgers

- Markets Have Attracted More Speculative Capital from Large Traders
- Likewise, Large Hedgers Have Increased Their Open Interest Holdings
- Speculative Activity (Liquidity) Allows Hedgers to Trade More Effectively
- Result – More Liquidity in Open and Transparent Markets

CFTC Large Trader Data – Percent of Open Interest Held by Large Speculators and Hedgers

	% of Open Interest Held By Large Specs. 1999	% of Open Interest Held By Large Hedgers 1999	Difference 1999	% of Open Interest Held By Large Specs 2004	% of Open Interest Held By Large Hedgers 2004	Difference 2004	Reportable Levels
Corn	16%	52%	36%	23%	57%	34%	150 Contracts
Wheat	24%	49%	25%	25%	55%	30%	100 Contracts
Soybeans	18%	49%	31%	20%	56%	36%	100 Contracts
Soybean Oil	16%	59%	43%	22%	64%	42%	200 Contracts
Soybean Meal	13%	58%	45%	11%	69%	58%	200 Contracts

Summary

- Repeal of CFTC Speculative Limits Is Good For Regulated Markets
- CFTC Guidelines and CFTC Oversight Remain
- Increasing Open Interest Supports Higher Single- and All-Month Limits
- Price Discovery Enhanced with Diverse Market Participants

Questions?