

March 30, 2004

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

Re: Reference File #2442.01
Request for Commission Rule Approval

Dear Ms. Webb:

40.5(a) (i) The following Request for Commission Rule Approval is submitted pursuant to Section 5c(c) of the Commodity Exchange Act and Commission Regulations 40.4 and 40.5.

40.5(a) (ii) The Chicago Board of Trade (CBOT[®]) hereby notifies the Commodity Futures Trading Commission (CFTC) that it intends, with CFTC approval, to amend CBOT Regulation 425.01 as indicated in the attached text (additions underlined; deletions bracketed and struck through). These amendments will increase the single-month and all-month speculative position limits for CBOT Corn, Wheat, Soybean, Soybean Oil and Soybean Meal contracts to the respective maximums indicated below. (Limits are shown in number of contracts).

<u>Product</u>	<u>From</u>	<u>To</u>
Corn	5,500 single/9,000 all	10,000 single/17,000 all
Wheat	3,000 single/4,000 all	4,500 single/5,500 all
Soybeans	3,500 single/5,500 all	6,500 single/10,000 all
Soybean Oil	3,000 single/4,000 all	4,500 single/6,500 all
Soybean Meal	3,000 single/4,000 all	4,500 single/6,000 all

40.5(a) (iii) The Board of Directors approved these regulation changes pursuant to the CBOT Charter, Article Seventh and the CBOT Bylaws, Article I, Section 2.

The CBOT intends to implement these amendments following CFTC approval.

40.5(a) (iv) Concurrently with this submission, the CBOT is filing a petition for related amendments to CFTC Regulation 150.2. The operation, purpose and effect of the proposed amendments to CBOT Regulation 425.01 correspond to those which are presented in the petition to amend CFTC Regulation 150.2.

March 30, 2004
Ms. Jean A. Webb
Page Two

40.5(a) (v) There were no opposing views among the CBOT Board of Directors concerning this proposal.

40.5(a) (vi) As indicated above, implementation of this proposal would necessitate amendments to CFTC Regulation 150.2.

Questions in this regard may be directed to David Lehman, Managing Director of Commodity Products, at (312)347-3848.

Sincerely,

Paul J. Draths
Vice President and Secretary

Attachment

b030904

425.01 Position Limits -

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

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 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:

- (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 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.

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

	*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
CBOT Dow Jones Industrial Average sm Index	None	None	50,000 (aggregate DJIA sm limit, see #9)	100	100
CBOT mini-sized Dow sm (\$5 multiplier)	None	None	50,000 (aggregate DJIA sm limit, see #9)	100	100
CBOT Dow TMI sm	None	None	50,000	25	
CBOT Dow Jones-AIG Commodity Index sm	None	None	15,000	25	
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	None	None	None	1,000	1,000
mini-sized U.S. Treasury Bonds	None	None	None	1,000	
U.S. Treasury Notes (5yr.)	None	None	None	800	800
U.S. Treasury Notes (6 1/2-10yr.)	None	None	None	1,000	1,000
mini-sized U.S. Treasury Notes (6 1/2-10 yr.)	None	None	None	1,000	
U.S. Treasury Notes (2yr.)	None	None	None	500	500
30 Day Fed Fund	None	None	None	300	300
10-Year Municipal Note Index	5,000	None	5,000	100	
mini-sized Eurodollars	10,000	10,000	10,000	400	
Corn and CBOT mini-sized Corn	600 (aggregate, see #10)	5,500 10,000 (aggregate, see #1, 10)	9,000 17,000 (aggregate, see #1, 3, 10)	150 (individual, see #11)	150
Soybeans and CBOT mini-sized Soybeans	600 (aggregate, see #10)	3,500 6,500 (aggregate, see #1, 10)	5,500 10,000 (aggregate, see #1, 4, 10)	100 (individual, see #11)	100
Wheat and CBOT mini-sized Wheat	600 (aggregate, see #8, 10)	3,000 4,500 (aggregate, see #1, 10)	4,000 5,500 (aggregate, see #1, 7, 10)	100 (individual, see #11)	100
Oats	600	1,000 (see#1)	1,500 (see#1,6)	60	60
Rough Rice	600 (see#5)	1,000	1,000 (see#2)	50	50
Soybean Oil	540	3,000 4,500 (see#1,7)	4,000 6,500 (see#1,7)	200	200
Soybean Meal	720	3,000 4,500 (see#1,7)	4,000 6,000 (see#1,7)	200	200

#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 ~~[5,500]~~ 10,000 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.

#4 No more than ~~[3,500]~~ 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 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 1,000 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.

#7 No more than ~~[3,000]~~ 4,500 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.

#8 In the last five trading days of the expiring futures month, the speculative position limit for the March futures month will be 350 contracts and for the May futures month the limit will be 220 contracts. For the purposes of these regulations, 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, 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, one mini-sized Corn, one mini-sized Soybeans, 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, positions are on a contract basis.

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.