CME Group

Special Executive Report

S-5646 **March 8, 2011**

CFTC APPROVES INCREASES IN NON-SPOT POSITION LIMITS FOR LIVE CATTLE, LEAN HOGS AND FEEDER CATTLE EFFECTIVE MONDAY, MARCH 21, 2011

The Commodity Futures Trading Commission has approved the following increases in the non-spot position limits for Live Cattle Futures and Options, Lean Hogs Futures and Options, and Feeder Cattle Futures and Options, effective at the start of business on **Monday, March 21, 2011**.

These increases are based on the growth in open interest experienced in 2010, using a formula established by the CFTC.

The text of the rule amendments is given below, with additions underlined and deletions overstruck:

LIVE CATTLE FUTURES

10102. FUTURES CALL

10102.E. Position Limits

No person shall own or control more than:

a. ~~5,400~~ 6,300 contracts long or short in any contract month;
b. 450 contracts long or short in the expiring contract month as of the close of business on the first business day following the first Friday of the contract month;
c. 300 contracts long or short in the expiring contract month as of the close of business on the business day immediately preceding the last five business days of the contract month.

For positions involving options on Live Cattle futures, this rule is superseded by the option speculative position limit rule.

OPTIONS ON LIVE CATTLE FUTURES

101A01. OPTION CHARACTERISTICS

101A01.F. Position Limits

No person shall own or control a combination of options and underlying futures that exceeds ~~5,400~~ 6,300 futures equivalent contracts net on the same side of the market in any contract month.

For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

LEAN HOG FUTURES

15202. FUTURES CALL

15202.E. Position Limits

No person shall own or control more than:

1. ~~4,100~~ 4,150 contracts long or short in any contract month;
2. 950 contracts long or short in the expiring contract month as of the close of business on the fifth business day of the contract month.

For positions involving options on Lean Hogs futures, this rule is superseded by the option speculative position limit rule.

OPTIONS ON LEAN HOG FUTURES

152A01. OPTION CHARACTERISTICS

152A01.F. Position Limits

No person shall own or control a combination of options and underlying futures that exceeds:

1. ~~4,100~~ 4,150 futures equivalent contracts net on the same side of the market in any contract month;
2. 950 futures equivalent contracts net on the same side of the market in the expiring contract month as of the close of business on the fifth business day of the contract month.

For purposes of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and along underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

FEEDER CATTLE FUTURES

10202. FUTURES CALL

10202.E. Position Limits

No person shall own or control more than:

1. ~~1,600~~ 1,950 contracts long or short in any contract month;
2. 300 contracts long or short in the spot month during the last ten days of trading.

For positions involving options on Feeder Cattle futures, this rule is superseded by the option speculative position limit rule.

OPTIONS ON FEEDER CATTLE FUTURES

102A01. OPTION CHARACTERISTICS

102A01.F. Position Limits

No person shall own or control a combination of options and underlying futures that exceeds:

1. ~~1,600~~ 1,950 futures equivalent contracts net on the same side of the market in any contract month;
2. 300 futures equivalent contracts net on the same side of the market in the spot month during the last ten days of trading.

For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and along underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

If you have any questions regarding this matter, please contact Paul Peterson, Director, Commodity Research and Product Development, at (312) 930-4587 or Jack Cook, Associate Director, Commodity Research and Product Development, at (312) 930-3295.