

October 19, 2006

Notice

Daily Price Limits - Futures, Spreads and Options

The daily price limits for each contract are detailed in Regulation 1008.01, “Trading Limits”, and are summarized in the table below. The limits apply to trading on both the open auction and e-cbot[®] platforms.

Contract	Daily Price Limit	Contract	Daily Price Limit
Corn	\$.20 per bushel	Oats	\$.20 per bushel
mini-sized Corn	\$.20 per bushel	Rough Rice	\$.50 per hundredweight
Soybeans	\$.50 per bushel	Soybean Meal	\$20 per unit of trading
mini-sized Soybeans	\$.50 per bushel	Soybean Oil	\$.02 per unit of trading
Wheat	\$.30 per bushel	Ethanol	\$.30 per gallon
mini-sized Wheat	\$.30 per bushel		

Daily price limits do not increase when a market closes limit bid or limit offer; however, the next day’s limits take effect beginning with the evening session’s trade for the following day. Additionally, there are no price limits in the expiring contract during the delivery month or on the two business days prior to the first day of the delivery month.

Regulation 352.01, “Spreading Transactions”, **requires that each leg of a spread be priced within the contract’s daily price limits.** As illustrated by the example below, this requirement establishes effective price limits for spreads, although the spread limits will be broader than the outright limits.

Wheat Contract 30¢ Price Limit	Settlement on Day T	Lower Outright Limit on T+1	Upper Outright Limit on T+1
Dec '06 Wheat	5.25	4.95	5.55
Mch '07 Wheat	5.35	5.05	5.65
July '07 Wheat	4.65	4.35	4.95
	Implied Spread Settlement	Lower Spread Limit on T+1	Upper Spread Limit on T+1
Dec/Mch Spread	-.10	-.70 (Dec @ 4.95) (Mch @ 5.65)	+.50 (Dec @ 5.55) (Mch @ 5.05)
Dec/July Spread	+.60	0 (Dec @ 4.95) (July @ 4.95)	+1.20 (Dec @ 5.55) (July @ 4.35)
Mch/July Spread	+.70	+.10 (Mch @ 5.05) (July @ 4.95)	+1.30 (Mch @ 5.65) (July @ 4.35)

As reflected in the example above, the effective daily price limit for a spread is twice the daily outright limit above and below the prior day's implied spread settlement. In the Wheat example above, the outright limits permit spreads to trade up to 60 cents (twice the outright limit of 30 cents) above and below the previous day's implied spread settlement.

Options on the above-referenced futures also have price limits consistent with those of the underlying futures contract. An option may trade only at premium values within the underlying future's trading limits above and below the option's settlement premium on the previous day. An example follows:

Wheat Options 30¢ Price Limit	Settlement on Day T	Lower Option Limit on T+1	Upper Option Limit on T+1
March 500 Put	38 ½	8 ½	68 ½
March 530 Call	56 ½	26 ½	86 ½
March 530 Put	54 ½	24 ½	84 ½
March 560 Call	45 ½	15 ½	75 ½

On the first day of trading in an option, the price limits are set from the lowest premium in the opening range. As with futures contracts, each leg of an option spread must be priced within the option's daily limits. On the last day of trading in an option, there are no price limits.

Questions regarding this notice may be directed to the following individuals in the Office of Investigations and Audits:

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