

**CHICAGO BOARD OF TRADE ADOPTS POSITION LIMITS ON  
TREASURY FUTURES**

On June 29, 2005, in response to concerns with respect to settlement of contracts, the Chicago Board of Trade (the “CBOT”) established position limits for all Treasury futures contracts during the last ten days of trading for each contract (the “June Amendment”). The June Amendment is effective beginning with the December 2005 expiration cycle. Prior to June 29, 2005, position accountability rules, as opposed to position limits, applied to Treasury futures. These position accountability rules will continue to apply.

The June Amendment establishes the following position limits on Treasury futures:<sup>1</sup>

<b>Contract</b>	<b>Position Limit During Last Ten Days of Trading</b>
Treasury Bonds	25,000 contracts
10 Year Treasury Notes	50,000 contracts
5 Year Treasury Notes	35,000 contracts
2 Year Treasury Notes	25,000 contracts

Market participants should note the following highlights with respect to the application of the new limits:

- Limits are on net long or short positions in a contract.
- Limits apply intra-day as well as at the end of a day.
- Unlike other speculative position limits, there is no exemption from the limits for hedge positions.
- All positions in accounts that a person directly or indirectly owns or controls will be aggregated to determine compliance with the limits. A 10% or greater financial ownership in an account constitutes control for this purpose, whether or not the accounts have separate, independent account controllers. Unlike other speculative position limits, there is no exemption from the limits for limited partners or shareholders of funds that are managed by an independent third party. This means that a 10% shareholder of a fund would have to aggregate the fund’s positions with whatever other positions it controls.

<sup>1</sup> The position limits are included in CBOT Regulation 425.01 and are applicable to “persons” including individuals, associations, partnerships, limited liability companies, corporations and trusts.

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If you have any questions concerning the foregoing or would like further information, please call Emily M. Zeigler at (212) 728-8284, Rita M. Molesworth at (212) 728-8727, Gabriel Acri at (212) 728-8833 or the attorney with whom you regularly work.

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