SUBMISSION COVER SHEET

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Registered Entity Identifier Code (optional): 15-059

Organization: The Board of Trade of the City of Chicago, Inc. ("CBOT")

Filing as a: ☒ **DCM** ☐ **SEF** ☐ **DCO** ☐ **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): January 30, 2015 Filing Description: Temporary Amendments to Spread Non-Reviewable Ranges and Settlement Procedures for U.S. Treasury Bond Futures

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

☐	Certification	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Notification	§ 40.6(d)
☐	Advance Notice of SIDCO Rule Change	§ 40.10(a)
☐	SIDCO Emergency Rule Change	§ 40.10(h)

Rule Numbers:

New Product **Please note only ONE product per Submission.**

☐	Certification	§ 40.2(a)
☐	Certification Security Futures	§ 41.23(a)
☐	Certification Swap Class	§ 40.2(d)
☐	Approval	§ 40.3(a)
☐	Approval Security Futures	§ 41.23(b)
☐	Novel Derivative Product Notification	§ 40.12(a)
☐	Swap Submission	§ 39.5

Official Product Name:

Product Terms and Conditions (product related Rules and Rule Amendments)

☒	Certification	§ 40.6(a)
☐	Certification Made Available to Trade Determination	§ 40.6(a)
☐	Certification Security Futures	§ 41.24(a)
☐	Delisting (No Open Interest)	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Approval Made Available to Trade Determination	§ 40.5(a)
☐	Approval Security Futures	§ 41.24(c)
☐	Approval Amendments to enumerated agricultural products	§ 40.4(a), § 40.5(a)
☐	"Non-Material Agricultural Rule Change"	§ 40.4(b)(5)
☐	Notification	§ 40.6(d)

Official Name(s) of Product(s) Affected: U.S. Treasury Bond Futures

Rule Numbers: CBOT Chapters 5 and 18

CME Group

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

January 30, 2015

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Temporary Amendments to CBOT Rule 588.H ("Globex Non-Reviewable Ranges") and Settlement Procedures for CBOT U.S. Treasury Bond Futures.
CBOT Submission No. 15-059

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying temporary amendments applicable to the Exchange's U.S. Treasury Bond Futures contract (Rulebook Chapter 18; CME Globex Code: ZB), effective on Sunday, February 15, 2015 for trade date Tuesday, February 17, 2015 and until March 20, 2015.

The U.S. Treasury Bond Futures will be transitioning from a bond with term to maturity of slightly more than 15 years to one with term to maturity of 21 years. This change is the result of the lack of Treasury bond issuance between 2001 and 2006. CBOT anticipates spread pricing will be more volatile due to the significant differences between the March 2015 and the June 2015 contract due to unique differences in their cheapest-to-deliver bonds.

As a result, during the effective time period, the Exchange will temporarily increase the non-reviewable range for 1:1 ratio calendar spreads for U.S. Treasury Bond Futures established through CME Globex's spread trade functionality from 5 ticks to 10 ticks (2.5/32nds) for the March 2015 to June 2015 roll period only.

Also effective for the same time period, the Exchange will temporarily provide a 3:2 ratio calendar spread for U.S. Treasury Bond futures on CME Globex with a non-reviewable range of 10 ticks (2.5/32nds) for the March 2015 to June 2015 roll period. Buying (selling) one 3:2 calendar spread futures will result in buying (selling) three March 2015 and selling (buying) two June 2015 contracts. The new calendar spread functionality will provide an additional tool for market participants seeking to rollover positions from March 2015 to June 2015.

The 3:2 ratio calendar spread functionality will only be available for trading on CME Globex for the forthcoming March 2015 to June 2015 rollover due to significant and unique differences in the risk exposures of each futures month's respective cheapest-to-deliver bonds. These differences are unique because the U.S. Treasury Bond Futures will be transitioning from a bond with term to maturity of slightly more than 15 years to one with term to maturity of 21 years. This change is the result of the lack of U.S. Treasury bond issuance between 2001 and 2006.

Treasury futures daily and final settlement pricing methodology incorporates activity in the nearby calendar spread futures. Therefore, also effective for this time period, CBOT will modify the daily and final settlement pricing of March 2015 and June 2015 U.S. Treasury Bond Futures contracts to account for the activity in the 3:2 and the 1:1 futures calendar spreads.

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The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“Act” or “CEA”). During the review, CBOT staff identified that the temporary changes may have some bearing on the following Core Principles:

- Prevention of Market Disruption: CBOT is implementing these amendments for U.S. Treasury Bond Futures calendar spreads for the March to June 2015 rollover only. It is believed that temporary increase in the Globex Non-Reviewable Range and the addition of a calendar spread with a ratio of 3:2 is consistent with pertinent CFTC Core Principles that require the Exchange to maintain and promote orderly markets.

- Availability of General Information: The Exchange will amend the CBOT rulebook accordingly on the effective date. The Exchange will make these amendments publically available on the CME Group website. In addition, CBOT will publish a Special Executive Report (“SER”) to advise the marketplace of these amendments. The SER will also be posted on the CME Group website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), CBOT hereby certifies that the amendments comply with the Act, including all regulations under the Act. There were no substantive opposing views to this proposal.

CBOT certifies that this submission has been concurrently posted on the Exchange’s website at http://www.cmegroup.com/market-regulation/rule-filings.html.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A – Amendments to CBOT Rule 588.H. Globex Non-Reviewable Ranges (blackline format)
Appendix B – CBOT U.S. Treasury Futures Final Settlement Price Methodology (blackline format)
Appendix C – CBOT U.S. Treasury Futures Daily Settlement Price Methodology (blackline format)

APPENDIX A

Amendments to CBOT Rule 588.H. Globex Non-Reviewable Trading Ranges

(Additions are underlined)

Instrument	Non-Reviewable Range (NRR) including Unit of Measure	NRR in Globex format	NRR Ticks
Treasury Bond 1:1 Calendar Spread-Effective 2/15/2015 through 3/20/2015	2.5/32 of 1 point ($1,000)	25	10
Treasury Bond 3:2 Calendar Spread-Effective 2/15/2015 through 3/20/2015	2.5/32 of 1 point ($1,000)	25	10

APPENDIX B

(Additions are underlined)

Treasury Futures Final Settlement Procedure

Final settlement price of expiring 2-Year U.S. Treasury Note futures (ZT), 3-Year U.S. Treasury Note futures (Z3N), 5-Year U.S. Treasury Note futures (ZF), 10-Year U.S. Treasury Note futures (ZN), U.S. Treasury Bond futures (ZB), and Ultra T-Bond futures (UB) is determined by CME Group staff based on market activity on CME Globex.

Final Settlement Procedure

Tier 1: VWAP calculation

On the expiring contract's last day of trading, it settles to a volume-weighted average price (VWAP) of trades on Globex between 12:00:00 and 12:01:00 p.m. Central Time (CT), the settlement period. This value is derived by adding the weighted VWAP of outright trades in the expiring contract to the weighted VWAP of trades in the companion reduced-tick spreads.

Final settlement VWAP calculation

p_x = VWAP of the expiring contract

p_s = VWAP of the reduced-tick spread and the trade price of the deferred contract nearest to the time of the trade in the reduced-tick spread (but not later than 12:01:00 CT)

w_x = cumulative traded volume in the expiring contract

w_s = cumulative traded volume in the reduced-tick spread

$W = w_x + w_s$

$$\left(\frac{w_x}{w}\right) * p_x + \left(\frac{w_s}{w}\right) * p_s$$

The calculated final settlement price is rounded to the nearest tradable tick. If this calculated value is the midpoint between two ticks, it is rounded to the tick closer to the last trade price in the expiring contract.

The final settlement price may penetrate unfilled bids or asks and, under certain circumstances, may settle outside of the settlement period for outright trades in the expiring contract.

In the event that multiple versions of the spread between the lead month and expiring month exist, all trades in any of these spreads will be considered in the calculation of the final settlement for the expiring month.

Tier 2: Outright bid/ask

If a VWAP is not available due to an absence of trades, then the most recent spread trade is applied to the lead month settlement price to derive the expiry month settlement, which is rounded to the outright's nearest tradable tick.

If there are no trades in the lead month-expiry month calendar spread*, then the prior-day spread relationship is used to derive the expiry month settlement.

In either of the above scenarios, if the derived spread differential in the lead month-expiry month spread is below the low bid in the settlement period in that spread, then the spread settles to that bid. If the calculated spread differential in the lead month-expiry month spread is higher than the high ask in the settlement period in that spread, then the spread settles to that ask. Additionally, if the derived expiry month settlement violates the low bid or the high ask in the outright market for the expiry month during the settlement period, then, the settlement will be adjusted to the nearest low bid or the high ask accordingly.

*The lead month is the anchor leg for the Tier 2 calculation outlined above, and is the contract expected to be the most active. The expiry month is the expiring contract.

APPENDIX C

(Additions are underlined)

Treasury Futures Daily Settlement Procedure

Normal Daily Settlement Procedure

Daily settlement of 2-Year U.S. Treasury Note futures (ZT), 3-Year U.S. Treasury Note futures (Z3N), 5-Year U.S. Treasury Note futures (ZF), 10-Year U.S. Treasury Note futures (ZN), U.S. Treasury Bond futures (ZB), and Ultra T-Bond futures (UB) is determined by CME Group staff based on trading activity on CME Globex.

Lead Month

The lead month is the anchor leg for settlements and is the contract expected to be the most active.

Tier 1: If the lead month contract trades on Globex between 13:59:30 and 14:00:00 Central Time (CT), the settlement period, then the lead month settles to the volume-weighted average price (VWAP) of the trade(s) during this period.

Tier 2: If no trades in the lead month occur on Globex between 13:59:30 and 14:00:00 CT, then the most recent trade (or prior settle in the absence of a last trade price) is used.

The lead month settles to the last trade/prior settle assuming that it does not violate the low bid or the high ask in the settlement period. If the low bid in the settlement period is higher than the last trade/prior settlement price, then the lead month settles to that bid. If the high ask in the settlement period is lower than the last trade/prior settle, then the lead month settles to that ask.

Second Month

When the lead month is the expiry month, then the second month is defined as the calendar month immediately following the lead month. When the lead month is not the expiry month, then the second month is defined as the first expiring non-lead month.

Tier 1: If the lead month-second month spread trades on Globex between 13:59:30 and 14:00:00 CT, then the spread VWAP is calculated and rounded to the spread's nearest tradable tick. The spread differential is then applied to the lead month settlement price to derive the second month settlement, which is rounded to the outright's nearest tradable tick.

Tier 2: If a VWAP is not available due to an absence of trades, then the most recent spread trade is applied to the lead month settlement price to derive the second month settlement, which is rounded to the outright's nearest tradable tick.

If there are listed multiple versions of the lead month-second month calendar spread, CME Staff may consider any or all of these using the methodology above in calculating the settlement price.

If there are no trades in the lead month-second month calendar spread, then the prior-day spread relationship is used to derive the second month settlement.

In either of the above scenarios, if the derived spread differential in the lead month-second month spread is below the low bid in the settlement period in that spread, then the spread settles to that bid. If the calculated spread differential in the lead month-second month spread is higher than the high ask in the settlement period in that spread, then the spread settles to that ask. Additionally, if the derived second month settlement violates the low bid or the high ask in the outright market for the second month during the settlement period, then, the settlement will be adjusted to the nearest low bid or the high ask accordingly – provided the resulting price does not violate the low bid / high ask in the spread.

Back Months

To derive settlements for all remaining months, the second chronological month's net change from its prior-day settlement is applied to the back month contracts' prior-day settlements, provided that this value does not violate the low bid or high ask between 13:59:30 and 14:00:00 CT for either the respective outrights or the consecutive-month calendar spreads.