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January 6, 2011

Mr. David Stawick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**Re: Regulation 40.6. - Amendment to CME Rule 101A01.E. ("Exercise Prices")  
CME Submission No.11-007**

Dear Mr. Stawick,

Pursuant to Commission Regulation 40.6, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commodity Futures Trading Commission that the strike price range for Live Cattle options will be expanded to 24 cents from 14 cents for options with both 1 cent and 2 cent strike prices intervals, effective beginning Wednesday, January 12, 2011.

The rule change is attached, with additions underscored and deletions bracketed.

The Exchange certifies that this action complies with the Commodity Exchange Act and regulations thereunder. There were no substantive opposing views to this proposal.

If you require any additional information regarding this action, please do not hesitate to contact Jack Cook at 312-930-3295 or via e-mail at [jack.cook@cmegroup.com](mailto:jack.cook@cmegroup.com) or me at (212) 299-2200. Please reference our CME Submission No. 11-007 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

## **OPTIONS ON LIVE CATTLE FUTURES**

### **101A01.E. OPTION CHARACTERISTICS-Exercise Prices**

#### **1. Options in the February Bi-Monthly Cycle**

The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 2¢; e.g., 60¢, 62¢, 64¢, etc. In addition, for the first two contract months, some exercise prices shall also be at intervals of 1¢; e.g., 60¢, 61¢, 62¢, etc., as is described below.

At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of 2¢ in a range [14¢] 24¢ above and below the previous day's settlement price of the underlying futures contract. When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or next lower) exercise price within a [14¢] 24¢ range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

When a contract becomes the second nearest contract month in the February bi-monthly cycle, the Exchange shall add exercise prices at 1¢ intervals at a range [14¢] 24¢ above and below the previous day's settlement price. Thereafter, when a sale, bid, offer, or settlement price occurs at, or passes through, any exercise price, the Exchange shall on the next trading day list put and call options at the next higher (or next lower) exercise price within a [14¢] 24¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred. In addition, when a sale, bid, offer, or settlement price occurs at, or passes through, any even-numbered exercise prices; e.g., 60¢, 62¢, 64¢, the Exchange shall on the next trading day list put and call options at the next higher (or next lower) even-numbered exercise price within a [14¢] 24¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred.

When a contract becomes the nearest contract month in the February bi-monthly cycle, the Exchange shall add exercise prices at 1¢ intervals within the range that exercise prices at 2¢ intervals have been listed.

New options may be listed for trading up to and including the termination of trading.

The Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.