

June 24, 2013

VIA E-MAIL

Ms. Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
3 Lafayette Center
1155 21st Street NW
Washington, DC 20581

**Re: Regulation §40.6(a) Amendment of Terms and Conditions for 2-Year, 5-Year, and 10-Year On-the-Run Treasury Futures, and 5-Year, 7-Year, 10-Year, and 30-Year Interest Rate Swap Futures and Companion Options.
CBOT Submission No 13-259R**

Dear Ms. Jurgens:

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") hereby certifies that it shall delist eleven interest rate products, comprising three On-the-Run Treasury Yield ("OTR Treasury") futures, four Interest Rate Swap ("IRS") futures, and the four respective suites of companion options on IRS futures.

2-Year, 5-Year, and 10-Year OTR Treasury futures have lain dormant since early May 2012.

Trading volumes in *5-Year, 7-Year, 10-Year, and 30-Year IRS futures* have fallen intermittently since mid-2009, during which time trading activity in these products has grown increasingly thin and episodic. The prevailing pace of transaction volume is around 27,000 contracts per month. As of 20 May 2013, total open interest is approximately 14,450 contracts, comprising approximately 10,500 10-Year IRS futures, 3,900 5-Year IRS futures, and 50 30-Year IRS futures, all for June 2013 delivery. There is no open interest in 7-Year IRS futures for any delivery month, nor is there currently open interest in any IRS futures contract for delivery beyond June 2013. Among several potential explanations for this deterioration is that market participants are gradually making greater use of CBOT futures for physical delivery of CME Cleared interest rate swaps, initially listed for trading in December 2012, in lieu of CBOT IRS futures.

Options on 5-Year, 7-Year, 10-Year, and 30-Year IRS futures have been available for trading for at least five years and, in one case (options on 10-Year IRS futures), for almost 12 years. Despite this, no such option product has ever traded.

Given that trading activity in these products is either nil, or low and diminishing, the Exchange intends to delist them according to the following schedule:

OTR Treasury futures, IRS futures for delivery in December 2013 and later, and options on IRS futures shall be delisted as soon as practicable, upon completion of certification of these rule amendments and no later than Sunday, 23 June, with effect as of Monday, 24 June.

The last delivery month to be listed for trading in IRS futures shall be September 2013, to ensure ample time for remaining contract users to arrange orderly exit from these markets.

Implementation requires the following amendments to Exchange rules --

- a. Removal of the following chapters from the CBOT Rulebook, upon completion of certification with the CFTC, and no later than Sunday, 23 June, with effect as of Monday, 24 June:

Chapters 42, 43, and 44, which codify terms and conditions for, respectively, 2-Year On-the-Run Treasury Yield Futures, 5-Year On-the-Run Treasury Yield Futures, and 10-Year On-the-Run Treasury Yield Futures; and

Chapters 23A, 24A, 25A, and 38A, which declare terms and conditions for, respectively, options on 10-Year Interest Rate Swap futures, options on 5-Year Interest Rate Swap futures, options on 30-Year Interest Rate Swap futures, and options on 7-Year Interest Rate Swap futures.

- b. Removal of the following chapters from the CBOT Rulebook, upon termination of trading in CBOT IRS futures for September 2013 delivery:

Chapters 23, 24, 25, and 38, which set forth terms and conditions for, respectively, 10-Year Interest Rate Swap, 5-Year Interest Rate Swap futures, 30-Year Interest Rate Swap futures, and 7-Year Interest Rate Swap futures.

Such termination of trading is scheduled to occur at 10:01am Chicago time on Monday, 16 September 2013.

- c. Amendments to Chapter 5 of CBOT Rulebook in regard to position limit, position accountability, and reportable position thresholds, as given in Appendix A1 and A2, and in regard to CME Globex non-reviewable ranges, as given in Appendix B.
- d. Amendments to CME & CBOT Market Regulation Advisory Notice RA1303-3RR, in regard to block trade thresholds and protocols for futures and options listed for trading on Chicago Mercantile Exchange, Inc. ("CME") or CBOT, as set forth in Appendix C.

Please note that the Exchange is submitting 13-259R to reflect revisions to Appendix A1 and A2. The remainder of the contents in the original submission, 13-259, has not been changed.

The Exchange's Research Department and Legal Department have reviewed the Core Principles for Designated Contract Markets, as set forth in the Commodity Exchange Act as amended ("CEA" or "Act"), and have determined that the amendments to contract terms and conditions certified herein bear upon on the following Core Principles:

Core Principle 7 – Availability of General Information

The Exchange shall publish on its website information in regard to futures contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information.

The Exchange certifies that these amendments to contract terms and conditions comply with the Act and rules thereunder, with no substantive opposing views to this proposal. The Exchange certifies that this submission has been concurrently posted on the Exchange's website at: <http://www.cmegroup.com/market-regulation/rule-fillings.html>

If you require any additional information regarding this action, please do not hesitate to contact my colleague Frederick Sturm (312 930 1282, frederick.sturm@cmegroup.com) or me (312 466 7478, tim.elliott@cmegroup.com). Please reference CBOT Submission No. 13-259R in any related correspondence.

Sincerely,

/s/ Tim Elliott
Executive Director and Associate General Counsel

Attachments

**Appendix A1 and A2 --
Amendments to CBOT Rule 5.C. Position Limit and Reportable Level Table
(Attached under separate cover)**

Appendix B --
Amendments to CBOT Rule 588.G. Globex Non-Reviewable Trading Ranges

(Deletions are shown in ~~bold struck-through~~ font.)

For implementation with effect no later than 24 June 2013 –

Options

Instrument	Bid/Ask Reasonability	Non-Reviewable Range (NRR)
...
Interest Rates		
...
Interest Rate Swaps (5, 7, 10, 30 Yr)	The greater of the delta times the underlying futures non-reviewable range or 20% of the fair value premium up to the underlying futures non-reviewable range with a minimum reasonability of 5/64ths	20% of premium up to ¼ of the underlying futures non-reviewable range with a minimum of 1 tick.
...

For implementation with effect as of 17 September 2013 --

Futures

Instrument	Non-Reviewable Range (NRR) in Globex Format	NRR including Unit of Measure	NRR Ticks
...
Interest Rate Swaps			
5, 7, 10, 30 Year Interest Rate Swap Futures	300	30/32 of 1 point	60
30-Year US Dollar Interest Rate Swap Futures	30	30/32 of 1 point	30
10-Year US Dollar Interest Rate Swap Futures	300	30/32 of 1 point	60
5-Year US Dollar Interest Rate Swap Futures	150	15/32 of 1 point	30
2-Year US Dollar Interest Rate Swap Futures	150	15/32 of 1 point	60
...

**Appendix C –
Amendments to CME & CBOT Market Regulation Advisory Notice RA1303-3RR – Block Trades**

(Additions are shown in **bold underline** font. Deletions are shown in **~~bold struck-through~~** font.)

For implementation with effect no later than 24 June 2013 –

...

4. Block Trade Minimum Quantities for Outrights, Spreads and Combinations

The block trade minimum quantity requirements for outright futures and options are set forth in the list of block trade eligible products in Section 12 of this Advisory Notice. Additional information with respect to spreads and combinations executed as blocks appears below:

a) Intra-Commodity Futures Spreads and Futures Combinations

- i) All Products Excluding U.S. Treasury, ~~OTR Treasury Yield~~, 5-, 7-, 10- and 30-Year Interest Rate Swap and GSCI Futures

Intra-commodity futures spreads and futures combinations may be executed as block trades provided that the sum of the quantities of the legs meets the minimum block quantity threshold. For example, 2,000 Eurodollar future calendar spreads executed during RTH hours would meet the Eurodollar futures minimum quantity requirement of 4,000 contracts.

- ii) U.S. Treasury, ~~OTR Treasury Yield~~ and 5-, 7-, 10- and 30-Year Interest Rate Swap Futures

Intra-commodity calendar spread block trades are prohibited in CBOT U.S. Treasury futures, ~~OTR Treasury Yield and 5-, 7-, 10- and 30-Year Interest Rate Swap futures.~~ Parties may not execute contingent block trades in outright contracts to circumvent the prohibition on the execution of block trades in intra-commodity calendar spreads. Additionally, Tandem spreads (a trade combining calendar spreads in two different Treasury futures) may not be executed as block trades.

- iii) GSCI Futures

In GSCI futures and GSCI Excess Return Index futures the block trade minimum is 300 contracts for each leg of the spread or combination. For example, the minimum quantity for a GSCI calendar spread would require 300 contracts in each leg of the spread for a total of 600 contracts while a GSCI futures butterfly would require a minimum volume of 1,200 contracts.

b) Inter-Commodity Futures Spreads

- i) Short Term Interest Rate Futures

In Short Term Interest Rate futures (Eurodollars, Eurodollar E-minis, Euribor, T-Bills, OIS, One-Month Eurodollar, Euroyen and 30-Day Fed Funds), inter-commodity futures spreads may be executed as block trades provided that the ***sum of the legs of the spread*** meets the ***larger*** of the threshold requirements for the underlying products. For example, the minimum quantity thresholds for One-Month Eurodollar and Eurodollars during ETH are 200 and 2,000 contracts, respectively. Therefore, a block trade in the One-Month Eurodollar/Eurodollar spread can be executed provided that the sum of the legs is at least 2,000 contracts.

- ii) U.S. Treasury, ~~OTR Treasury Yield~~, 5-, 7-, 10- and 30-Year Interest Rate Swap and 10-Year Sovereign Yield Spread Futures

In U.S. Treasury, ~~OTR Treasury Yield~~, 5-, 7-, 10- and 30-Year Interest Rate Swap and 10-Year Sovereign Yield Spread futures, inter-commodity futures spreads may be executed as block trades provided that each leg of the spread meets the minimum threshold requirement for the respective underlying products. For example, the minimum quantity thresholds for 10-Year Notes and U.S. Treasury Bonds during RTH are 5,000 and 3,000 contracts, respectively. Therefore, a block trade in the NOB spread (10-Year Note/Treasury Bond spread) can be executed only if the minimum quantity of the 10-Year Note leg of the spread is at least 5,000 contracts and the minimum quantity of the Treasury Bond leg of the spread is at least 3,000 contracts...

CBOT Products	Futures	Options	Flex Options
...
2-, 5- and 10-Year OTR Treasury Yield (RTH)	2,000 contracts**	Not available	Not available
2-, 5- and 10-Year OTR Treasury Yield (ETH)	1,000 contracts**	Not available	Not available
2-, 5- and 10-Year OTR Treasury Yield (ATH)	500 contracts**	Not available	Not available
30-Day Fed Funds (RTH)	2,000 contracts	1,500 contracts	Same as Non-Flex Options
30-Day Fed Funds (ETH)	1,000 contracts	750 contracts	Same as Non-Flex Options
30-Day Fed Funds (ATH)	500 contracts	375 contracts	Same as Non-Flex Options
5-, 7-, 10- and 30-Year Interest Rate Swaps (RTH)	2,000 contracts	500 contracts Not available	Not available
5-, 7-, 10- and 30-Year Interest Rate Swaps (ETH)	1,000 contracts	500 contracts Not available	Not available
5-, 7-, 10- and 30-Year Interest Rate Swaps (ATH)	500 contracts	500 contracts Not available	Not available
...

** Block trading of intra-commodity Treasury, ~~OTR Treasury Yield~~ and 5-, 7-, 10- and 30-Year Interest Rate Swap futures calendar spreads is prohibited.

For implementation with effect as of 17 September 2013 --

...

4. Block Trade Minimum Quantities for Outrights, Spreads and Combinations

The block trade minimum quantity requirements for outright futures and options are set forth in the list of block trade eligible products in Section 12 of this Advisory Notice. Additional information with respect to spreads and combinations executed as blocks appears below:

a) Intra-Commodity Futures Spreads and Futures Combinations

- i) All Products Excluding U.S. Treasury, ~~5-, 7-, 10- and 30-Year Interest~~

~~Rate Swap~~ and GSCI Futures

Intra-commodity futures spreads and futures combinations may be executed as block trades provided that the **sum** of the quantities of the legs meets the minimum block quantity threshold. For example, 2,000 Eurodollar future calendar spreads executed during RTH hours would meet the Eurodollar futures minimum quantity requirement of 4,000 contracts.

- ii) U.S. Treasury ~~and 5-, 7-, 10- and 30-Year Interest Rate Swap~~ Futures

Intra-commodity calendar spread block trades are prohibited in CBOT U.S. Treasury futures and 5-, 7-, 10- and 30-Year Interest Rate Swap futures. Parties may not execute contingent block trades in outright contracts to circumvent the prohibition on the execution of block trades in intra-commodity

calendar spreads. Additionally, Tandem spreads (a trade combining calendar spreads in two different Treasury futures) may not be executed as block trades.

iii) GSCI Futures

In GSCI futures and GSCI Excess Return Index futures the block trade minimum is 300 contracts for each leg of the spread or combination. For example, the minimum quantity for a GSCI calendar spread would require 300 contracts in each leg of the spread for a total of 600 contracts while a GSCI futures butterfly would require a minimum volume of 1,200 contracts.

b) Inter-Commodity Futures Spreads

i) Short Term Interest Rate Futures

In Short Term Interest Rate futures (Eurodollars, Eurodollar E-minis, Euribor, T-Bills, OIS, One-Month Eurodollar, Euroyen and 30-Day Fed Funds), inter-commodity futures spreads may be executed as block trades provided that the **sum of the legs of the spread** meets the **larger** of the threshold requirements for the underlying products. For example, the minimum quantity thresholds for One-Month Eurodollar and Eurodollars during ETH are 200 and 2,000 contracts, respectively. Therefore, a block trade in the One-Month Eurodollar/Eurodollar spread can be executed provided that the sum of the legs is at least 2,000 contracts.

ii) U.S. Treasury, ~~5-, 7-, 10- and 30-Year Interest Rate Swap~~ and 10-Year Sovereign Yield Spread Futures

In U.S. Treasury, ~~5-, 7-, 10- and 30-Year Interest Rate Swap~~ and 10-Year Sovereign Yield Spread futures, inter-commodity futures spreads may be executed as block trades provided that **each leg of the spread** meets the minimum threshold requirement for the respective underlying products. For example, the minimum quantity thresholds for 10-Year Notes and U.S. Treasury Bonds during RTH are 5,000 and 3,000 contracts, respectively. Therefore, a block trade in the NOB spread (10-Year Note/Treasury Bond spread) can be executed only if the minimum quantity of the 10-Year Note leg of the spread is at least 5,000 contracts and the minimum quantity of the Treasury Bond leg of the spread is at least 3,000 contracts...

CBOT Products	Futures	Options	Flex Options
...
5-, 7-, 10- and 30-Year Interest Rate Swaps (RTH)	2,000 contracts	Not available	Not available
5-, 7-, 10- and 30-Year Interest Rate Swaps (ETH)	1,000 contracts	Not available	Not available
5-, 7-, 10- and 30-Year Interest Rate Swaps (ATH)	500 contracts	Not available	Not available
...

** Block trading of intra-commodity Treasury ~~and 5-, 7-, 10- and 30-Year Interest Rate Swap~~ futures calendar spreads is prohibited.

...

Contract Name	Rule Chapter	Commodity Code	Contract Size
10-Year On-the-Run Treasury Yield	44	TEN	100,000
7-YR INTEREST RATE SWAP	38 & 38A	71	100,000
5-Year On-the-Run Treasury Yield	43	FIV	100,000
2-YEAR ON-THE-RUN TREASURY YIELD	42	TWO	100,000
30-YR INTEREST RATE SWAP	25 & 25A	13	100,000
10-YR INTEREST RATE SWAP	23 & 23A	66	100,000
5-YR INTEREST RATE SWAP	24 & 24A	NG	100,000

Contract Units	Type	Settlement	Group	Diminishing Balance Contract	Reporting Level
10-yr treasury note	Futures	Financially sett	CBT INTEREST RATE		25
7 yr interest rate s	Swap futures/Eur	Financially sett	CBT INTEREST RATE		25
5-yr treasury note	Futures	Financially sett	CBT INTEREST RATE		25
2-yr treasury note	Futures	Financially sett	CBT INTEREST RATE		25
30-year interest r	Swap futures/Eur	Financially sett	CBT INTEREST RATE		500
10 yr interest rate	Swap futures/Eur	Financially sett	CBT INTEREST RATE		500
5 yr interest rate s	Swap futures/Eur	Financially sett	CBT INTEREST RATE		500

Position Limit in Shipping Certificates, Warehouse Receipts	Spot month position comprised of future and deliveries	Spot-Month				
		Spot-Month	Spot-Month	Spot-Month	Spot-Month	Spot-Month
		Aggregate	Aggregate	Aggregate	Aggregate	Aggregate
		Into Futures	Into Futures	Into Futures	Into Futures	Into Futures
		Equivalent	Equivalent	Equivalent	Equivalent	Equivalent
		Leg (1)	Leg (2)	Leg (1)	Leg (2)	Leg (1)
						Accountability Level

			Second Spot-Month		
Initial Spot-Month Limit (In Net Futures Equivalents) Leg (1)/ Leg (2)	Initial Spot-Month Limit Effective Date	Spot-Month Limit (In Contract Units)	Second Spot-Month Limit (In Net Futures Equivalents)	Second Spot-Month Limit Effective Date	Single Month Aggregate Into Futures Equivalent Leg (1)

44

71

~~FIV~~

~~TWO~~

13

66

NG

Single Month

Single Month Aggregate Into Futures Equivalent Leg (2)	Single Month Aggregate Ratio Into Leg (1)	Single Month Aggregate Ratio Into Leg (2)	Single Month Accountability Level (In Net Futures Equivalents) Leg (1) / Leg (2)	Single Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)
--	---	---	--	---

7,500

5,000

7,500

7,500

5,000

5,000

5,000

	All Month				
	All Month Limit	All Month Limit	All Month Aggregate Ratio Into Futures Equivalent Leg (1)	All Month Aggregate Ratio Into Futures Equivalent Leg (2)	All Month Accountability Level (In Net Futures Equivalent Leg (1) / Leg (2))
"Intra Crop Year Spread Allowance"	44	71	44	71	7,500
					5,000
					7,500
					7,500
					5,000
					5,000
					5,000

All Month Limit (In
Net Futures
Equivalents) Leg (1) /
Leg (2)

Contract Name	Rule Chapter	Commodity Code	Contract Size
30-YR INTEREST RATE SWAP		25 13	100,000
10-YR INTEREST RATE SWAP		23 66	100,000
5-YR INTEREST RATE SWAP		24 NG	100,000
7-YR INTEREST RATE SWAP		38 71	100,000

Contract Units	Type	Settlement	Group	Diminishing Balance Contract	Reporting Level
30-year interest rate	Swap futures/Eur	Financially sett	CBT INTEREST RATE		500
10-yr interest rate	Swap futures/Eur	Financially sett	CBT INTEREST RATE		500
5-yr interest rate	Swap futures/Eur	Financially sett	CBT INTEREST RATE		500
7-yr interest rate	Swap futures/Eur	Financially sett	CBT INTEREST RATE		25

Position Limit in Shipping Certificates, Warehouse Receipts	Spot month position comprised of future and deliveries	Spot-Month				
		Spot-Month	Spot-Month	Spot-Month	Spot-Month	Spot-Month
		Aggregate	Aggregate	Aggregate	Aggregate	Aggregate
		Into Futures	Into Futures	Into Futures	Into Futures	Into Futures
		Equivalent	Equivalent	Equivalent	Equivalent	Equivalent
		Leg (1)	Leg (2)	Leg (1)	Leg (2)	Leg (1)
						Accountability Level

			Second Spot-Month		
Initial Spot-Month Limit (In Net Futures Equivalents) Leg (1)/ Leg (2)	Initial Spot-Month Limit Effective Date	Spot-Month Limit (In Contract Units)	Second Spot-Month Limit (In Net Futures Equivalents)	Second Spot-Month Limit Effective Date	Single Month Aggregate Into Futures Equivalent Leg (1)

~~13~~

~~66~~

~~NG~~

~~71~~

Single Month

Single Month Aggregate Into Futures Equivalent Leg (2)	Single Month Aggregate Ratio Into Leg (1)	Single Month Aggregate Ratio Into Leg (2)	Single Month Accountability Level (In Net Futures Equivalents) Leg (1) / Leg (2)	Single Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)
				5,000
				5,000
				5,000
				5,000

	All Month				
	All Month Limit	All Month Limit	All Month Aggregate Ratio Into Futures Equivalent Leg (1)	All Month Aggregate Ratio Into Futures Equivalent Leg (2)	All Month Accountability Level (In Net Futures Equivalent Leg (1) / Leg (2))
"Intra Crop Year Spread Allowance"	13				5,000
	66				5,000
	NG				5,000
	71				5,000

All Month Limit (In
Net Futures
Equivalents) Leg (1) /
Leg (2)