NYSE Liffe U.S.

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By Electronic Mail

August 25, 2011

Mr. David A. Stawick
Office of the Secretariat
Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Rule 10703 – Change of Minimum Price Increment for U.S. Treasury Bond Futures

Dear Mr. Stawick:

I am the Deputy Chief Regulatory Officer of NYSE Liffe US LLC ("NYSE Liffe US" or the "Exchange"). Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the "Act"), and U.S. Commodity Futures Trading Commission Regulations (the "Regulations") Section 40.6, I enclose NYSE Liffe US Submission 2011-127 and NYSE Liffe US Notice 29\2011 which announces that the minimum price increment for U.S. Treasury Bond Futures is changing from one tick to one-half tick. The change will be effective for trade date September 26, 2011.

NYSE Liffe US herby certifies that this notice complies with the Commodity Exchange Act and the Regulations thereunder.

If you have any questions, please call me at (312) 442-7984.

Yours Truly,

Matt Lisle

Enclosures

NYSE Liffe
U.S.

NYSE LIFFE U.S. NOTICE No. 29/2011

ISSUE DATE: August 25, 2011
EFFECTIVE DATE: September 26, 2011

Rule 10703 – Change of Minimum Price Increment for U.S. Treasury Bond Futures

Summary

This Notice announces that the minimum price increment for U.S. Treasury Bond Futures is changing from one tick ($1/32^{d}$ of one point) to one-half tick ($1/64^{th}$ of one point) effective September 26, 2011.

1. Introduction

1.1 Exchange Rule 10703 provides the trading specifications for U.S. Treasury Bond Futures Contracts. Rule 10703(c) establishes the minimum price increment as one thirty-second of one point ($1/32^{nd}$ of one point) (hereinafter, "one tick").

2. Amendment to Rule 10703(c) - Price Increments

2.1 The Exchange has decided to amend Rule 10703(c) to change the minimum price increment to one-half of one tick. This change will be effective for trade date September 26, 2011 (which trade date begins on September 25, 2011 at 7:16 PM ET).

2.2 Rule 10703(c) as amended is set forth below. Deleted language is shown in strikeout text and added language is underscored:

10703. Trading Specifications

* * *

(c) Price Increments

Par shall be on the basis of 100 points, with each point equal to $1,000 per contract. The minimum price fluctuation shall be one half of one thirty-second of one point (equal to $~~31.25~~15.625 per contract), except for intermonth spreads for which the minimum price fluctuation shall be one-quarter of one thirty-second of one point (equal to $7.8125 per contract).

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For further information in relation to this Notice, Members should contact:

Market Regulation Department +1 212 656 4300 nyseliffeus@nyx.com

Web site: www.nyx.com
NYSE Liffe US LLC is NYSE Euronext's U.S. Futures Market, a Commodity Futures Trading Commission designated contract market.

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Explanation and analysis

Operation:

Currently, the minimum price increment of futures contracts on U.S. Treasury Bonds traded on NYSE Liffe US ("30 Year Treasury Futures") is one tick, which is defined as one thirty-second ($1/32^{nd}$) of one point. With this notice, the Exchange is changing the minimum price increment from one tick to one-half tick.

This change will be effective on September 26, 2011.

Purpose:

The Exchange is reducing the minimum price increment to one-half tick in response to customer feedback. The Exchange has solicited views from a diverse group of leading customers, including Designated Market Makers in the contract, banks, proprietary and algorithmic traders. These clients have supported the change because it allows for more granular pricing, potential tighter bid/offer spread and a larger number of entry and exit transaction points.

Effect:

The effect of a reduced minimum price increment is expected to attract participation by a broader base of market users thereby fostering greater price discovery and market liquidity

Core Principles implicated by the change:

CP 9 – Execution of Transactions: Reducing the minimum price increment should lead to improved price discovery because participants will have increased opportunity to execute transactions at reduced bid/ask spreads.