CME Group

Sean M. Downey
Associate Director and Assistant General Counsel
Legal Department

December 13, 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(a) Rule Certification. The Board of Trade of the City of Chicago, Inc.
Submission # 11-498: Revision to Oats Futures Settlement Procedure, Issuance of CBOT Market Regulation Advisory Notice RA1106-1 and Revisions to CME Group Daily Settlement Procedures Document

Dear Mr. Stawick:

Pursuant to Commission Regulation 40.6(d), the Board of Trade of the City of Chicago, Inc. ("CBOT") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying a change to the settlement price procedure in CBOT Oats futures as a result of a recent significant decline in volume in Floor-trading activity in the product. As a result of this decline, CBOT will move from its current methodology wherein settlement prices are determined exclusively with reference to Floor-trading activity and begin to determine settlement prices in all contract months in Oats futures based on CME Globex activity in line with the current methodology applicable to all CBOT Rough Rice futures contract months and the first five months in CBOT Wheat futures. This change will take effect on Thursday, December 29, 2011.

It should be noted that this is an interim change that will remain in effect until such time as CBOT implements its recent decision to move all CBOT agricultural futures contracts to a hybrid settlement methodology that will utilize a blended volume-weighted average price ("VWAP") of Floor and Globex activity to determine settlement prices. As the Commission was previously notified, that change is expected to be implemented during March or April 2012 upon completion of necessary coding and testing and taking into account the time period when such a change will introduce the least risk to the marketplace.

For the week of December 5TH – 9TH, there was Floor activity on only two trading days, three orders totaling eight contracts were executed on December 7TH and one order for one contract was executed on December 9TH. Volume on CME Globex for the same period exceeded 1,600 trades totaling over 2,100 contracts. On the remaining three days where there was no Floor-activity, CME Group Operations staff responsible for settling the contract exercised its authority under CBOT Rule 813 ("Settlement Price") and derived the settlement prices based on CME Globex activity.

Given that the change in methodology cannot be implemented until the business day following the expiration of the required CFTC review period under CFTC Regulation 40.6(a), CME Group Operations staff will, where necessary, continue to exercise its authority under CBOT Rule 813 to use CME Globex pricing information to determine settlement prices in the event there is no Floor activity or in circumstances where Floor activity is de minimis and not deemed to be an accurate representation of the market.

In connection with the change in the settlement price methodology, CBOT will issue CBOT Market Regulation Advisory Notice RA1106-1 describing the new methodology to the marketplace on Monday, December 19, 2011. The Advisory Notice explains that the change will become effective on December 29, 2011, pending the relevant CFTC regulatory review period, and also clarifies that this is an interim change until CBOT implements the blended VWAP methodology in March or April 2012. Lastly, the CME Group Daily Settlement Procedures Document ("Settlement Document") that is publicly available on the CME Group website will be modified to reflect the change to Oats futures. The updated Settlement Document will be posted immediately prior to the effective date of the change.

A copy of RA1106-1 and the revised Settlement Document are included with this Submission as Exhibit A and Exhibit B.

The Market Regulation and Legal Departments collectively reviewed the designated contract market ("DCM") core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, we have identified that the change in the settlement methodology for Oats futures may have some bearing on the following Core Principles:

- Compliance with Rules: This Core Principle requires DCMs to monitor and enforce compliance with the rules of the contract market, including the terms and conditions of contracts traded on the DCM. Pursuant to CFTC Regulation 40.1, procedures for the establishment of settlement prices are included in the definition of terms and conditions. Given the significant decrease in Floor-activity in Oats futures, the change to the Oats settlement procedure will allow daily settlement prices to be derived from CME Globex activity. The change in settlement methodology will have no impact on CBOT's ability to remain in compliance with this Core Principle.

- Contracts Not Readily Subject to Manipulation: By utilizing the volume-weighted average price of transactions executed on CME Globex during the settlement period, a methodology effectively used in many other markets, CBOT believes that the settlement prices will be an accurate representation of market value during the settlement period and will not in any way cause the market to be readily subject to manipulation.

- Availability of General Information: In connection with the change, CBOT will issue RA1106-1 to the marketplace providing information on the upcoming change including that it will become effective on December 29, 2011. Additionally, the Settlement Document will be appropriately modified and posted to the CME Group website immediately prior to the effective date of the change. These documents will ensure that the marketplace has accurate information concerning the settlement procedures for Oats futures and result in CBOT remaining in compliance with this Core Principle.

- Daily Publication of Trading Information: This Core Principle requires CBOT to make public daily information on settlement prices. The change in settlement price methodology in Oats futures will have no impact on CBOT's compliance with this Core Principle as CBOT will continue to publish daily settlement prices in Oats futures without interruption.

CBOT certifies that the interim change in settlement price methodology applicable to Oats futures, the release of RA1106-1 and the posting of the updated Settlement Document comply with the Commodity Exchange Act and regulations thereunder. There were 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-filings.html.

If you have any questions regarding this submission, please contact Robert Sniegowski, Market Regulation, at 312.341.5991 or via email at Robert.Sniegowski@cmegroup. Alternatively, you may contact me at 312.930.8167 or via email at Sean.Downey@cmegroup.com. Please reference CME/CBOT/NYMEX/COMEX Submission No. 11-498 in any related correspondence.

Sincerely,

/s/Sean M. Downey
Associate Director & Assistant General Counsel

Enclosures: Exhibit A – CBOT Market Regulation Advisory Notice
Exhibit B – CME Group Daily Settlement Procedures

Exhibit A

MARKET REGULATION ADVISORY NOTICE

Exchange	**CBOT**
Subject	**Settlement Procedures in CBOT Wheat, Rough Rice and Oats Futures**
Rule References	**Rule 813**
Advisory Date	**December 19, 2011**
Advisory Number	**CBOT RA1106-1**
Effective Date	**December 29, 2011**

Pending the relevant CFTC regulatory review period, on December 29, 2011, CBOT will begin to settle all Oats futures contract months exclusively based on CME Globex activity, following the same procedures that are currently in effect in all Rough Rice futures contract months and the first five contract months in Wheat futures.

There will be no changes made to the current settlement procedures for Wheat or Rough Rice futures at this time; however, please see CME Group Special Executive Report S-6048 from December 12, 2011, for additional information on forthcoming revisions to settlement procedures in **all** CBOT agricultural futures and select CME agricultural futures that are scheduled to be implemented in March and April 2012.

Settlement Procedures in Wheat, Rough Rice and Oats Futures

Exchange staff in the Globex Control Center ("GCC") will settle the first five CBOT Wheat futures contracts and all Rough Rice and all Oats futures contracts based upon CME Globex activity.

The GCC will settle the lead month in each futures contract at the volume weighted average price ("VWAP") of the outright trades executed in the lead month contract on CME Globex from 1:14:00 to 1:15:00 p.m. in Wheat, Rough Rice and Oats, rounded to the nearest tick.

The expiring contract (when it is not the lead month) or the first deferred contract (when the lead month is the expiring contract) will be settled by GCC based upon the spread relationship with the lead month. GCC will calculate the VWAP of the relevant spread traded on CME Globex during the period from 1:14:00 to 1:15:00 p.m. and, provided a minimum of 50 spreads trade in Wheat, 5 spreads trade in Rough Rice or 5 spreads trade in Oats, will imply the settlement price from the lead month settlement and the spread's VWAP. If fewer than the designated minimum quantity of spreads trade during the relevant period, GCC will use the midpoint of the bid/offer in the spread at 1:15:00 p.m. to imply the settlement price.

The next three contract months in Wheat and all subsequent contract months in Rough Rice and Oats will be settled in chronological order based upon spread relationships with the contracts already settled. For each contract, GCC will calculate the VWAP of the traded spreads involving that contract and any previously settled contracts to determine implied prices and, provided that the minimum quantity of spreads trade, will calculate the VWAP of those implied prices to establish the settlement price for that contract month. If fewer than the minimum quantity of spreads trade, GCC will use the midpoint of the bid/offer in the relevant spreads at 1:15:00 p.m. to imply prices for the contract and will settle the contract at the median implied price.

Contract months beyond the fifth listed contract month in Wheat will be settled by the Pit Committee, in consultation with Exchange staff, based upon spread relationships. In the absence of material spread trading activity in the pit during the close, the Exchange will rely on other available market information to determine an appropriate settlement price.

Notwithstanding the foregoing, in the event the aforementioned calculations cannot be made or if the GCC, in its sole discretion, determines that anomalous activity yields results that are not representative of the fair value of the contract, the GCC may determine an alternative settlement price.

Settlement on Last Trading Day

On the expiring contract's last trading day, the expiring contract will settle based on the VWAP of the outright CME Globex trades in the expiring contract and the implied values from the expiring month/lead month spreads executed on the CME Globex platform between 12:00:00 and 12:01:00 p.m.

In the absence of outright or spread trades during this period, the settlement price will be the best bid or best offer in the expiring contract at 12:00:50 p.m., whichever is closer to the last trade price. If there is not a bid/offer pair in the expiring contract at that time, the settlement price will be the best bid or offer implied by the bid/offer in the spread at 12:00:50 p.m., whichever is closer to the last outright trade price in the expiring contract.

Only bids and offers that remain active through expiration at 12:01:00 p.m. will be considered in these calculations. In the event there is insufficient activity to make the aforementioned calculations, the Exchange may rely on earlier data or other available market information to determine an appropriate settlement price.

Questions regarding this advisory may be directed to the following individuals:

Tom Lord, Director, Settlements, 312.338.2881

Dean Payton, Managing Director, Market Regulation, 312.435.3658

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

Exhibit B

CME GROUP DAILY SETTLEMENT PROCEDURES

Equity Futures: For S&P and NASDAQ, the settlement price of the lead* month contract is the midpoint of the closing range determined based on pit trading activity between 15:14:30-15:15:00 Central Time ("CT"). For all other equity indices, the Volume Weighted Average Price (VWAP) of trades executed on Globex between 15:14:30-15:15:00 CT is used to determine the settlement prices for the lead month contracts. Back month contract months are settled to traded or quoted spread relationships. E-mini S&P and Nasdaq are settled to the value derived from the Big S&P and Nasdaq.

Equity Options: Exchange staff identifies "seed strikes" that include the at-the-money straddle and several out-of-the-money calls/puts. The midpoints of the bid/ask quotes in the seed strikes on Globex are used to create an implied volatility skew. The skew is adjusted based upon the underlying settlement price to automatically generate the out-of-the money settlement prices, and the in-the-money options are settled automatically, using the method referenced on page 4 of this document. For longer dated options for which no Globex data exists, market participants provide bid/ask data for the seed strikes. Adjustments may be made to incorporate relevant pit data.

Non-Treasury Interest Rate Futures: Settlement prices in the front 12 quarterly Eurodollar contract months are based on Globex bid/ask activity between 13:59:00-14:00:00 CT. Settlement prices may be adjusted within the bid/ask range to accommodate calendar spreads and butterflies. Back month contract months are settled by Exchange officials based on market participant input, taking into account a CME-conducted survey for the last 5-year bundle as well as the additional Eurodollar futures settlement guidelines referenced on page 3 of this document. The Serial contract months settle to the VWAP of the prices on Globex between 13:59:00-14:00:00 CT or the midpoint of the bid/ask, with adjustments made to incorporate relevant spread activity. All other Non-Treasury Interest Rate contracts, excluding Fed Funds, are settled using Globex trades and bid/ask activity between 13:59:00 – 14:00:00 CT. Fed Fund settlements for months with more than 10,000 open interest settle to the mid-point of the bid/ask at 14:00 CT, provided that the quantity on both the bid and offer are 50 or more contracts, with adjustments made within those bid/asks to accommodate consecutive month calendar spreads of 100 contracts or greater. All other months settle to the net change of the previous month that was derived using the methodology described above, provided it does not violate the resting bid/ask of 25 contracts or greater.

Non-Treasury Interest Rate Options: Similar to the procedure used in equity options, settlements in the front year of expirations are generated based on the skew derived from taking the midpoint of the bid/ask quotes in Exchange-designated seed strikes from the pit and from Globex. The skew is adjusted based upon the underlying settlement price. The additional guidelines referenced on page 3 of this document are also utilized. All other contract months are settled by Exchange officials based upon input from market participants.

Treasury Futures: Globex trades in the lead month between 13:59:30-14:00:00 CT are used to derive the VWAP; back months are settled based on traded/quoted spread relationships.

Treasury Options: Same as Equity Options

FX Futures: For the Australian Dollar, Canadian Dollar, Euro, Pound, Swiss, Yen, Peso, and Kiwi, Globex trades in the lead month between 13:59:30-14:00:00 CT are used to derive the VWAP; back months are settled based on traded/quoted spread relationships. All other FX futures are settled based on cash market information, taking into account the forward rate, or any other information deemed relevant by staff.

FX Options: Same as Equity Options

Agricultural Futures: Livestock products are settled to the midpoint of the trades or the last valid price in the pit (including trades, higher bids, lower offers, or nominal close based on prior settle if no activity) between 12:59:30-13:00:00 CT. Dairy products are settled to the VWAP of the trades or the last valid price on Globex between 13:09:30-13:10:00 CT. The lead contract month in Corn, Soybean, Meal and Oil futures is settled at the price at which the Pit Committee, in consultation with Exchange staff determines traded the preponderance of the volume in the closing range and the back contract months are settled to keep the spread relationships in line. The lead contract month in Wheat, Rice and Oats futures settle to the VWAP of trades on Globex between 13:14:00-13:15:00 CT and the next 4 contract months in Wheat and all deferred months in Rice and Oats are settled based on Globex spread data. Wheat futures beyond the fifth month are settled by the Pit Committee in consultation with Exchange staff based upon spread relationships.

Agricultural Options: Market participants provide quotes in Exchange-designated seed strikes which are used to generate the implied volatility skew and the skew is adjusted to the underlying futures settlement price. Dairy products are settled using a flat volatility determined by the at-the-money straddle.

Agricultural Index Futures: S&P GSCI Excess Return settlements are based on trades that occurred on Globex or via Block. If no trades occur during the trading day, the best bid/offer on Globex at 13:40:00 will be used. The S&P GSCI settlements for the front months are settled to the midpoint of the trades in the pit or the last valid price between 13:39:30-13:40:00 CT(including trades, higher bids or lower offers or nominal close based on prior settle if no activity). Back month contract months are settled to traded or quoted spread relationships. The DJ UBS Commodity Index settlements are based on the VWAP of trades executed on Globex between 13:29:00-13:30:00 CT.

Weather Futures: For outright monthly contract months, a combination of the last sale, higher bid, lower offer or midpoint of the bid/ask is used to derive settlements. For strips, if there is a Globex trade or a block trade, such trades are taken into account; if no such trades exist, the sum of the individual component months will determine the settlement. OTC market information is also referenced where appropriate.

Weather Options: Option trades are converted to "standard deviations" using a model based on Stephen Jewson's model for pricing Weather. This standard deviation creates prices in the entire options series which is then applied to the open strikes.

Housing Futures and Options: The futures are settled to the last trade or better bid/offer on Globex. Absent a trade or better bid/offer, the prior day settlement is used. The options are settled using volatility skews derived from the midpoints of the bid/ask in a given strike, tied to a futures level.

Energy Futures: The front month in NYMEX WTI Crude Oil, Natural Gas, Heating Oil, and RBOB futures is settled at the VWAP of trades occurring on Globex between 14:28:00-14:30:00 Eastern Time ("ET"). The settlements of the 2nd through 6th contract months are determined based on Globex spread data. All other contract months are settled by Exchange staff, in consultation with market participants, based upon traded/quoted spread relationships.

Energy Options: Exchange staff, in consultation with market participants, establish the at-the-money volatility and create the volatility surface for the out-of-the money puts and calls for all option series based on traded/quoted outrights and spreads, which is input into an options pricing model to determine the settlements for all strikes. Settlements may be adjusted to accommodate relevant orders.

Metal Futures: The active contract month in the Gold, Silver, Platinum, and Palladium are settled to the VWAP of the trades executed on Globex during the defined settlement time period. All other contract months are settled based on traded/quoted spread relationships, as determined by Exchange officials, in consultation with market participants. The active contract month in Copper is settled based on the VWAP of all trades occurring on Globex and in the pit during the closing range. All other contract months are settled based on traded/quoted spread relationships, as determined by Exchange officials in consultation with market participants.

Metal Options: Exchange officials, in consultation with market participants, establish the at-the-money volatility and create the volatility surface for the out-of-the money puts and calls for all option series based on traded/quoted outrights and spreads, which is entered into an options pricing model to determine the settlements for all strikes. Settlements may be adjusted in accommodate relevant orders.

ClearPort Clearing: Unless otherwise specified in the contract terms or settled pursuant to one of the methods set forth above, Exchange staff will determine settlement prices based on relevant market data including, but not limited to, cleared prices, pricing data from market participants, the settlement prices of related products and any other pricing data from sources deemed reliable by staff.

Notwithstanding the foregoing, in the event the aforementioned calculations described in this advisory cannot be made or if staff, in its sole discretion, determines that anomalous activity yields results that are not representative of the fair value of the contract, staff may determine an alternative settlement price.

If you have any questions, please call the CME Globex Control Center at 312.456.2391 or in Europe at 44.207.623.4708.

***For settlement purposes, the "lead" month is defined as the contract month determined to be the most active or liquid, and may not always be the contract month closest to expiry. The method for making this determination varies by product.**

Eurodollar Futures: Back-Month Settlement Guidelines

The first twelve quarterly contract months are settled based on the bid/ask of both outright and spread trades, with all other quarterly months settling based on the following guidelines.

1. Outright Orders (including both single months and strips)
2. Packs (Years 4-10 Blues through Coppers)
3. 3-month Calendar Spreads
4. 6-month Calendar Spreads
5. Pack vs. Pack Spreads
6. 12-month Calendar Spreads
7. Calendar Spreads Beyond 12 months
8. Butterfly Spreads (monthlies)*
9. Bundles
10. Butterfly Strip Spreads

Notes:

- All orders must be actively bid or offered to the market in the Blues and Golds (years four and five) at least **2 minutes** prior to the close. Orders in the Purples through Coppers (years six through ten) must be actively bid or offered to the market at least **10 minutes** prior to the close.

- A daily survey of the pit community will be utilized to assist in the determination of the last five-year bundle settlement. The settlement price for the last five years will be based upon the average price levels obtained from three surveys conducted in the last 10 minutes prior 14:00 CT.

- In the event that the above guidelines are not followed for any reason, written documentation will be required, which will include information on who was involved and what orders went into the decision.

- *All Butterfly Spreads will be considered, with 3-months having higher priority than 6-months, 6-months more than 9-months, etc.

Eurodollar Options Settlement Guidelines

Orders Eligible for Settlement Consideration

1. Outright Options (out-of-the-money only)
2. Straddles (at-the-money only, no contingent futures)
3. Strangles (equidistant from the at-the-money only)
4. Call and Put Spreads (out-of-the-money and at-the-money only)
5. Butterflies/Iron Butterflies/Ratios (1X2 only)
6. Condors/Christmas Trees
7. Outright Options vs. Futures (market delta only)
8. Intermonth Straddle (at-the-money only) and Call/Put Spreads (out-of-the-money only)

Notes:

- Orders not part of these Settlement Guidelines will not be considered in the daily settlement process.
- Outright markets on EOS will be considered for settlement purposes.
- No spreads with 2 or more legs that are in-the-money will be considered.
- No spreads that include a leg that is CAB offered will be considered.

- Put-Call parity will not be violated but the cost of carry may be adjusted when appropriate.
- Customers are reminded that orders must be openly bid or offered at least two minutes prior to the close to be eligible for consideration.
- Daily settlements cannot be changed after 3:00 P.M. CT unless under consideration prior to that time.
- Settlements should reflect mid-market prices whenever possible.
- In-the-money options are settled automatically at parity as described below.

In-the-Money Options Put-Call Parity Equation (Excludes legacy NYMEX Products)

In-the-money options are settled automatically by the Exchange in accordance with the put-call parity equation, taking into account the appropriate cost of carry.

In-the-money options settlement = (Out-of-the-money settlement + Intrinsic Value) – Cost of Carry

Cost of carry = $$\frac{\text{Intrinsic Value x Interest Rate x Days to Expiration}}{360}$$ **- Risk of Early Exercise**

The cost of carry is rounded to the nearest minimum increment of the underlying futures contract.

For all products except Eurodollar options, the interest rate used is the average of the Broker Loan Rate and the Fed Fund Target Rate. In Eurodollar options, the interest rate is the rate implied by the daily settlement of the expiring quarterly Eurodollar future month.