

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 15-137

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): April 24, 2015 Filing Description: Amendments to CBOT Rule 589 ("Special Price Fluctuation Limits") for Certain Interest Rate Futures and Options Contracts

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- |                                     |                                     |            |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification                       | § 40.6(a)  |
| <input type="checkbox"/>            | Approval                            | § 40.5(a)  |
| <input type="checkbox"/>            | Notification                        | § 40.6(d)  |
| <input type="checkbox"/>            | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/>            | SIDCO Emergency Rule Change         | § 40.10(h) |

Rule Numbers: 589

**New Product**

Please note only ONE product per Submission.

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification                         | § 40.2(a)  |
| <input type="checkbox"/> | Certification Security Futures        | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class              | § 40.2(d)  |
| <input type="checkbox"/> | Approval                              | § 40.3(a)  |
| <input type="checkbox"/> | Approval Security Futures             | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission                       | § 39.5     |

Official Product Name:

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

- |                          |   |                      |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification   | § 40.6(a)            |
| <input type="checkbox"/> | Certification Made Available to Trade Determination     | § 40.6(a)            |
| <input type="checkbox"/> | Certification Security Futures                          | § 41.24(a)           |
| <input type="checkbox"/> | Delisting (No Open Interest)                            | § 40.6(a)            |
| <input type="checkbox"/> | Approval  | § 40.5(a)            |
| <input type="checkbox"/> | Approval Made Available to Trade Determination          | § 40.5(a)            |
| <input type="checkbox"/> | Approval Security Futures                               | § 41.24(c)           |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | "Non-Material Agricultural Rule Change"                 | § 40.4(b)(5)         |
| <input type="checkbox"/> | Notification  | § 40.6(d)            |

Official Name(s) of Product(s) Affected:

Rule Numbers:

April 24, 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 Amendments to  
CBOT Rule 589 (“Special Price Fluctuation Limits”) for Certain Interest Rate  
Futures and Options Contracts.  
CBOT Submission No. 15-137**

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 amendments to CBOT Rule 589 (“Special Price Fluctuation Limits”), effective Sunday, May 10, 2015 for trade date Monday, May 11, 2015.

In addition to other minor amendments for purposes of clarification, CBOT Rule 589 will be amended to reduce the monitoring period from five (5) minutes to two (2) minutes following a triggering event. The price fluctuation limits deter sharp price movements that may, for example be driven by illiquid central limit order books that could prevail in otherwise liquid markets from time to time. In December 2014, the Exchanges implemented price fluctuations limits functionality as a measure consistent with promoting price discovery and cash futures convergence. Upon further analysis, the Exchanges have determined that an abbreviated monitoring period once a “triggering event” occurs is beneficial to the price discovery process. By reducing the monitoring period, the affected futures contract shall be enabled to adjust in a more efficient manner in response to major initial and subsequent price moves and thereby, the price discovery process will be enhanced.

Therefore, the Exchange is amending CBOT Rule 589 to reduce the monitoring period from five (5) minutes to two (2) minutes following a “triggering event.” In addition, the Exchanges are amending Rule 589 to clarify what will occur on the trading floor if a primary futures contract on Globex is temporarily halted.

The affected Interest Rate contracts which are subject to CBOT Rule 589 are as follows:

<b>Product Title</b>	<b>CBOT Rulebook Chapter</b>	<b>Code</b>	<b>Primary or Associated</b>
U.S. Treasury Bond Futures	18	17	Primary
Standard Options on U.S. Treasury Bond Futures	18A	17	17
Flexible Options on U.S. Treasury Bond Futures	18B	52,53	17
Long-Term U.S. Treasury Note Futures (6½ to 10-Year)	19	21	Primary

Product Title	CBOT Rulebook Chapter	Code	Primary or Associated
Standard Options on Long-Term U.S. Treasury Note Futures	19A	21	21
Flexible Options on Long-Term U.S. Treasury Note Futures	19B	54,55	21
Medium-Term U.S. Treasury Note Futures (5-Year)	20	25	Primary
Standard Options on Medium-Term U.S. Treasury Note Futures	20A	25	25
Flexible Options on Medium-Term U.S. Treasury Note Futures	20B	57,60	25
Short-Term U.S. Treasury Note Futures (2-Year)	21	26	Primary
Standard Options on Short-Term U.S. Treasury Note Futures	21A	26	26
Flexible Options on Short-Term U.S. Treasury Note Futures	21B	58,59	26
3-Year U.S. Treasury Note Futures	39	3YR	Primary
Long-Term U.S. Treasury Bond Futures	40	UBE	Primary
Standard Options on Long-Term U.S. Treasury Bond Futures	40A	UBE	UBE
Flexible Options on Long-Term U.S. Treasury Bond Futures	40B	97, 98	UBE
2-Year US Dollar Interest Rate Swap Futures	51	T1U	26
5-Year US Dollar Interest Rate Swap Futures	52	F1U	25
10-Year US Dollar Interest Rate Swap Futures	53	N1U	21
30-Year US Dollar Interest Rate Swap Futures	54	B1U	UBE
2-Year Euro Interest Rate Swap Futures	55	T1E	26
5-Year Euro Interest Rate Swap Futures	56	F1E	25
10-Year Euro Interest Rate Swap Futures	57	N1E	21

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“Act” or “CEA”) and identified that the rule amendments may have some bearing on the following Core Principles:

- **Prevention of Market Disruption:** The Exchange is reducing the monitoring period following a triggering event to certain Interest Rate futures and options products in an effort to more effectively protect the markets from large price fluctuations in circumstances of an illiquid market. The Exchanges believe that the amendments are consistent with this Core Principle requiring the Exchange to maintain and promote orderly markets.

- Availability of General Information: The Exchange will amend the CBOT rulebook accordingly on the effective date which is publically available on the CME Group website. In addition, the Exchanges 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.
- Execution of Transactions: Modifying the monitoring period from five (5) minutes to two (2) minutes of special price fluctuation limits in these contracts will further enable the Exchange to continue its current practice of providing a competitive, open, and efficient market mechanism for executing transactions.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the amendments comply with the Act, including all regulations under the Act. 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>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A: Amendments to CBOT Rule 589 (blackline format)

## Appendix A

### CBOT Rulebook Amendments

(Additions are underlined; deletions are ~~struck through~~)

#### Chapter 5 TRADING QUALIFICATIONS AND PRACTICES

##### 589. SPECIAL PRICE FLUCTUATION LIMITS

The special price fluctuation limits applicable to those contracts with special price fluctuation limits are set forth in the Special Price Fluctuation Limits Table ("Table") in the Interpretations Section at the end of Chapter 5.

Notwithstanding any other provisions of this rule, the GCC may, in its absolute and sole discretion, take any action it determines necessary to protect market integrity. For avoidance of doubt, this authority includes, but is not limited to, modifying or eliminating price fluctuation limits at any time and/or determining whether to halt or not to halt trading. The GCC will promptly issue an alert with respect to actions taken pursuant to this provision.

- A. Initial Price Fluctuation Limits for All Contract Months. At the commencement of each trading day, there shall be initial price fluctuation limits in effect for each futures contract month of the Primary Futures Contract (as identified in the Table) above or below the previous day's settlement price for such contract month set at the first special price fluctuation limit level as provided in the Table.
- B. (i) First Triggering Event and Temporary Trading Halt. If the lead contract month (as identified by the Exchange) of the Primary Futures Contract is bid or offered via Globex at the upper or lower price fluctuation limit at the first special price fluctuation limit level, as applicable, it will be considered a Triggering Event that will begin a two ~~(2) five (5)~~ minute monitoring period in the lead contract month. If at the end of the two ~~(2) five (5)~~ minute monitoring period, the lead contract month of the Primary Futures Contract is not bid or offered at the applicable special price fluctuation limit, the special price fluctuation limits shall be expanded an additional increment above and below the previous day's settlement price for all contract months of the Primary Futures Contract as provided in the Table. If, however, at the end of two ~~(2) five (5)~~ minute monitoring period, the lead contract month of the Primary Futures Contract is bid or offered at the applicable special price fluctuation limit, a two (2) minute Temporary Trading Halt will commence in all contract months of the Primary Futures Contract as well as in all contract months of Associated Products of the Primary Futures Contract as provided in the Table. In addition, trading in any Associated Product that is an option related to the Primary Futures Contract or in an option contract related to any other Associated Product of the Primary Futures Contract of this rule that may be available for trading on Globex or on the trading floor shall be subject to a coordinated Temporary Trading Halt.

(ii) Expansion of Limits Following Temporary Trading Halt. Following the end of a Temporary Trading Halt, the affected markets shall re-open simultaneously in all contract months of the Primary Futures Contract as well as in all contract months of Associated Products of the Primary Futures Contract of this rule. When trading resumes, the price fluctuation limits of the Primary Futures Contract shall be expanded an additional increment above and below the previous day's settlement price for all contract months of the Primary Futures Contract as provided in the Table.

(iii) Each instance in which a Triggering Event occurs, a ~~two (2)~~ ~~five (5)~~ minute monitoring period will commence as provided in Sections 589.B(i) ~~2(a) and 589.2(b)~~. In each instance, the price fluctuation limits for each contract month of the Primary Futures Contract shall be expanded by an additional increment as provided in the Table above and below the previous day's settlement price for such contract month. Following the fourth triggering event, there will be no further limits.

(iv) A Primary Futures Contract shall not be the lead Primary Futures Contract on the contract's last trading day. There shall be no special price fluctuation limits during the period between the first position day and the last delivery day of an expiring Treasury futures contract that serves as a primary futures contract for the purposes of Rule 589. Additionally, there shall be no temporary trading halts or expansion of special price fluctuation limits during the last five (5) minutes of trading during the period between the first position day and the last delivery day of an expiring Treasury futures contract that serves as a primary futures contract for the purposes of Rule 589.

#### C. Price Fluctuation Limits on Trading Floor (Floor Trading)

(i) The special price fluctuation limits cited in Section 589.A4. of this rule shall be applicable on the trading floor. All markets on the trading floor shall be limited to trading at these special fluctuation price levels (locked limit); however, such trading shall not constitute a Triggering Event for purposes of a Temporary Trading Halt.

(ii) In all instances when a ~~Temporary Trading Halt~~ ~~Triggering Event~~ in the lead contract month of the Primary Futures Contract occurs on Globex, floor trading in all contract months of the Primary Futures Contract and in all contract months of Associated Products of the Primary Futures Contract of this rule shall immediately halt. Additionally, trading in any option related to the Primary Futures Contract or in an option contract related to any Associated Product of the Primary Futures Contract of this rule shall be subject to a coordinated Temporary Trading Halt.

(iii) Whenever Globex markets are re-opened with expanded price limits pursuant to the provisions of Section 589.B2. of this rule, the affected markets on the trading floor shall simultaneously re-open with the expanded limits in place.