

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 15-398

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): 10/05/2015 **Filing Description:** Notification Regarding Changes to Position Limits for Expiring Short-Term U.S. Treasury Note Futures (2-Year) Contracts

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers:

New Product

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

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

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

Official Name(s) of Product(s) Affected: See filing.

Rule Numbers: See filing.

October 5, 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 Chapter 5 Position Limits, Position Accountability and Reportable Level Table to Decrease the Spot Month Limit of Short-Term U.S. Treasury Note Futures (2-Year) Contract.
CBOT Submission No. 15-398**

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 CBOT Chapter 5 Position Limits, Position Accountability and Reportable Level Table to decrease the initial spot-month limit the Short-Term U.S. Treasury Note Futures (2-Year) contract (Rulebook Chapter 21; Commodity Code: 26) commencing with the March 2016 contract month and beyond. The initial spot-month limit for contract months up to and including the December 2015 contract month shall remain unchanged. The Exchange will update the rulebook to reflect these amendments on October 21, 2015, the effective date of this submission.

CBOT seeks to amend these position limits commencing with the March 2016 contract month and beyond as follows:

<i>Contract Name</i>	<i>Current Position Limit</i>	<i>Amended Position Limit</i>
Short-Term U.S. Treasury Note Futures	35,000 contracts	30,000 contracts

CBOT will implement these amended position limits starting with the March 2016 contract month. The rule changes will be made in the CBOT Rulebook effective the Exchange Business Day following the last delivery day for the December 2015 contracts, which will be Wednesday, January 6, 2016 for the Short-Term U.S. Treasury Note Futures (2-Year) contract. Insofar as the proposed rule amendments result in decreased position limits, the Exchange concludes that timely market notification combined with delayed implementation of these lower position limits is warranted. Market notification in October 2015 with application to March 2016 futures delivery months allows the marketplace a full expiration cycle (three months' time) to consider the changes prior to implementation. This amount of advance warning should minimize any potential disruptions to trading in futures delivery months with existing open interest.

The position limits for expiring CBOT 3-Year U.S. Treasury Note Futures, Medium-Term U.S. Treasury Note Futures (5-Year), Long-Term U.S. Treasury Note Futures (10-Year), U.S. Treasury Bond Futures, and Long-Term U.S. Treasury Bond Futures will remain at current levels – i.e., 20,000, 85,000, 70,000, 25,000 and 80,000 contracts, respectively – reflecting the Exchange’s determination that these limits are appropriate to the characteristics and supply of contract-grade Treasury notes and bonds that are eligible for delivery into these futures contracts.

For any given Treasury futures contract, the Exchange establishes and periodically re-evaluates the corresponding position limit in light of both market conditions and the structure of the basket of deliverable-grade securities for such contract. Among the factors taken into consideration are (a) the size distribution and supply of such deliverable-grade issues, (b) the proximity of market yields on deliverable grade issues to the 6% notional yield that the Exchange uses to set conversion factors for standardization of contract delivery invoice prices, and (c) the distribution of durations among Treasury issues eligible for delivery into the contract.

CBOT first implemented position limits in expiring Treasury futures in June 2005 in an effort to mitigate congested deliveries that might arise as a result of structural imbalances between the futures and cash markets. The position limits were last reevaluated and revised in July 2014. As in those earlier instances, the aim of the present re-examination and revision is to ensure that the position limits comport with both market conditions and scale of deliverable supply.

In addition to reducing the 2016 position limits of the Short-Term U.S. Treasury Note Futures, the Exchange will amend the language pertaining to the Spot-Month Limit Effective Date found in the Chapter 5 Position Limit table as outlined in Appendix A. The Exchange is implementing this change in order to accurately reflect the spot month effective period for those contracts. These amendments shall be effective on October 21, 2015.

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

- Contracts Not Readily Subject To Manipulation: The proposed rule change is designed to set position limits in expiring Treasury futures at levels that are consistent with existing and expected deliverable supplies of cash Treasury securities. As such, the proposed rule will eliminate the potential for congested deliveries of cash securities during delivery periods and thus obviate the chance of manipulation by market participants.
- Prevention of Market Disruption: The proposed rule change, which fixes position limits in expiring Treasury futures at levels that are consistent with existing and expected deliverable supplies of cash Treasury securities, will provide the Exchange’s market surveillance, compliance, and enforcement functions with an important metric for preventing market disruptions, price distortions, and delivery disruptions during delivery periods.
- Position Limitations or Accountability: The proposed rule change, which sets position limits in expiring Treasury futures at levels that are consistent with existing and expected deliverable supplies of cash Treasury securities, will reduce the potential threat of market manipulation or delivery congestion during trading in the delivery month.
- Protection of Market Participants: The proposed rule change, which fixes position limits in expiring Treasury futures at levels that are consistent with existing and expected deliverable supplies of cash Treasury securities, will protect market participants from abusive trading practices by any party that seeks to benefit from unfair and inequitable trading practices.

- Availability of General Information: The information contained herein will be disseminated to the marketplace via Market Surveillance Notice. The Exchange will publish information on the contracts' specifications on its website, together with daily trading volume, open interest, and price information

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that these changes comply with the Act, including 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 me at (212) 299-2200 or via e-mail at CMEGSubmisisonInquiry@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A – Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CBOT Rulebook (attached under separate cover)

Appendix A

Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CBOT Rulebook

(attached under separate cover)