CME Group

A CME/Chicago Board of Trade Company

February 19, 2008

Mr. David Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre, 1155 21st Street, NW
Washington, DC 20581

RE: CME Group Submission #08-38

Minimum Tick Size Reduction in 5-Year U.S. Treasury Note Flexible Options

Dear Mr. Stawick:

The Chicago Board of Trade ("CBOT") (or "Exchange") hereby submits the following pursuant to Commission Regulation 40.6(a) and Section 5c(c)(1) of the Commodity Exchange Act, concerning amendments to the Exchange rule governing the minimum tick size in 5-Year U.S. Treasury Note flexible options. The CBOT certifies that these changes comply with the Commodity Exchange Act and the rules thereunder.

The Exchange specifically seeks to amend Rule 20B01.C., which pertains to the pricing basis of the Exchange's 5-Year U.S. Treasury Note flexible option contract. Proposed changes in Rule 20B01.C. reduce the minimum price fluctuation in 5-Year Note flexible options from one sixty-fourth of one point (i.e., $15.625) to one-half of one sixty-fourth of one point (i.e., $7.8125) per contract. Amended Rule 20B01.C. also reduces the maximum premium level for cabinet trades from $15.00 to $7.00 per contract.

Attachment 1 summarizes the referenced rule amendments.

The Exchange is undertaking these changes in order to keep 5-Year Note flexible options in alignment on a competitive pricing basis with the underlying Treasury cash and over-the-counter markets. These changes also are consistent with the proposed tick size reductions in 5-Year Note futures and in 5-Year Note standard options that the Exchange submitted under self-certification to the CFTC on January 30, 2008 (see Exchange Submission #08-16R).

Since the proposed amendments are price neutral in terms of their economic impact, the Exchange intends to implement these changes in all currently listed contract months and in all newly listed contract months in 5-Year Note flexible options. The Exchange will implement these changes starting Monday, March 3, 2008.

Please direct inquiries regarding this submission to Mr. Daniel Grombacher at 312-634-1583 or daniel.grombacher@cmegroup.com. Please reference CME Group Submission #08-38 on all future correspondence for this submission.

Sincerely,

Paul J. Draths

Paul J. Draths
Vice President and Secretary

attachment

Attachment 1

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

Chapter 20B FLEXIBLE OPTIONS ON MEDIUM-TERM U.S. TREASURY NOTE FUTURES

20B01.C. Minimum Fluctuations

The premium for Medium-Term U.S. Treasury Note Flexible futures options shall be in multiples of one-half of one sixty-fourth ~~(1/64)~~ of one percent (1%) of a $100,000 Medium-Term U.S. Treasury Note futures contract which shall equal $7.8125 ~~$15.625~~ per one-half of one sixty-fourth ~~1/64~~ and $1,000 per full point.

However, a position may be initiated or liquidated in Medium-Term U.S. Treasury Note Flexible futures options at a premium ranging from $1.00 to $7.00 ~~$15.00~~, in $1.00 increments per option contract.

If options are quoted in volatility terms, the minimum fluctuation shall be .10 percent (i.e. -10.0%, 10.1%, 10.2%, etc.)