

August 3, 2012

VIA E-MAIL

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 Submission # 12-250: Issuance of CBOT Market Regulation Advisory Notice RA1203-1 – Open Outcry Trading of Treasury and Swap Futures in the Treasury and Swap Futures Pit

Dear Mr. Stawick:

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 the August 6, 2012, issuance of CBOT Market Regulation Advisory Notice RA1203-1 (“Advisory Notice”). This Advisory Notice is being issued to provide the members in the Treasury and Swap futures pit with revised information concerning the rollover time period for purposes of applying the policy concerning open outcry trading in the pit.

The rollover period is being shortened to the last seven business days of the month preceding a quarterly contract month’s expiration and the first two business days of the expiring quarterly contract month. The rollover time period is being shortened based on current market dynamics wherein the contract month rollover period has shortened, due in part to a decrease in open outcry volume in the pit. The policy applicable during the rollover time period restricts where a member may be physically located within the trading pit for purposes of bidding, offering and consummating transactions with respect to the multiple products that trade in the single pit. A copy of the Advisory Notice is attached as Exhibit A.

The Market Regulation Department and the Legal Department collectively reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“Act”). During the review, we have identified that the change to the timeframe of the rollover period in the CBOT Treasury and Swap futures pit may have some bearing on the following Core Principles:

- **Compliance with Rules:** The revised Advisory Notice deals with restrictions on where members may bid, offer and trade in the Treasury and Swap futures pit during a defined rollover time period, and it includes information on sanctions that may result from failure to adhere to these restrictions. As such, the Advisory Notice concerns access requirements and the Exchange’s ability to apply appropriate sanctions for violation of the policy.
- **Availability of General Information:** The policy set forth in the Advisory Notice concerns specific requirements for initiating and executing transactions in the Treasury and Swap futures pit during a defined rollover time period. As such, the change to the defined rollover time period will be published to the marketplace as an Advisory Notice prior to the change becoming effective on August 20, 2012.

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CBOT certifies that the change to the adjustment deadline and the issuance of the Advisory Notice comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal. The change to the rollover period will become effective on Monday, August 20, 2012.

CBOT 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 the undersigned at 312.930.8167 (via email at Sean.Downey@cmegroup.com) or Erin Schwartz, Market Regulation, at 312.341.3083 (via email at Erin.Schwartz@cmegroup.com). Please reference CBOT Submission # 12-250 in any related correspondence.

Sincerely,

/s/ Sean Downey
Director & Assistant General Counsel

Attachment: Exhibit A – Advisory Notice (RA1203-1)

Exhibit A

MARKET REGULATION ADVISORY NOTICE

Exchange	CBOT
Subject	Open Outcry Trading of Treasury and Swap Futures in the Treasury and Swap Futures Pit
Rule References	Rule 521
Advisory Date	August 6, 2012
Advisory Number	CBOT RA1203-1
Effective Date	August 20, 2012

This Advisory Notice supersedes CBOT Market Regulation Advisory Notice RA1101-1 from February 7, 2011, and is being issued based on a change to the definition of the rollover time period with respect to the policy concerning trading in the Treasury and Swap futures pit. **Pending all relevant regulatory review periods, effective on August 20, 2012, the rollover time period for purposes of this policy will be defined as the last seven business days of the month preceding a quarterly contract month's expiration and the first two business days of the expiring quarterly contract month.**

This policy is applicable only during the contract rollover time period. Outside of the rollover time period, members are allowed to bid, offer and trade any Treasury or Swap futures contract from any area of the Treasury futures pit, provided that bids and offers originating outside of a particular contract's trading area are vocally and openly represented in a manner that is clearly transparent to the area of the pit where the product trades. Additional information on the policy is set forth below.

Failure to adhere to this policy may result in the issuance of charges for violation of Rule 514 ("Trading Infractions"), which will be heard by a Panel of the Floor Conduct Committee. A Panel may impose fines of up to \$10,000 per offense, or in the case of an egregious violation, may impose fines of up to \$20,000 per offense. Further, the Market Regulation Department may refer particularly egregious matters to the Probable Cause Committee.

Members are reminded to ensure that all trades are promptly and accurately reported to the market reporters and checked with the opposing party.

Policy During Rollover Time Period

1. For purposes of the policy, the rollover time period is defined as the last seven business days of the month preceding a quarterly contract month's expiration and the first two business days of the expiring quarterly contract month.

- Members located outside of the designated section for trading a specific product may trade against bids and offers initiated from within the appropriate section of the pit.

Members located outside of the designated section for trading a specific product may bid or offer in response to a request for quote that originates from within the appropriate section of the pit and may subsequently consummate a trade.

*For example, a bid/offer or a request for quote in the Ten-Year Note contract must originate in the Ten-Year Note section of the pit (**except as provided for in Section 3 below**); however, individuals located in any section of the pit may hit a bid, lift an offer or respond to a request for quote that originated in the Ten-Year Note section of the pit.*

- Members located outside of the designated section for trading a specific product may request a market in products trading outside of their section. However, in order to trade opposite bids or offers received in response to the request, the member requesting the bid or offer must move to the designated section of the pit in order to execute a trade.

For example, an individual in the Ten-Year section of the pit may request a market in the Five-Year contract. In order to trade opposite any bids or offers received in response to the request for a market, the individual in the Ten-Year section of the pit must subsequently move to the Five-Year section of the pit in order to execute a trade.

Please be advised that during the rollover time period, a broker who asks another individual to request a market in a product outside of their designated section and then executes brokerage opposite bids and offers made in response to that request for a market without moving to the designated section will be charged with a violation of Rule 514. Further, any other similar attempts to circumvent this policy during the rollover time period will result in charges being issued pursuant to Rule 514.

This policy applies to outright orders, calendar spreads and intermarket spreads. The intermarket spread locations are as follows:

<u>SPREAD</u>	<u>ORIGINATING LOCATION</u>
2-Year Notes/Ultra T-Bond	2-Year Note section
2-Year Note/T-Bond	2-Year Note section
2-Year Note/10-Year Note	2-Year Note section
2-Year Note/5-Year Note	2-Year Note section
3-Year Notes/Ultra T-Bond	2-Year Note section
3-Year Note/T-Bond	2-Year Note section
3-Year Note/10-Year Note	2-Year Note section
3-Year Note/5-Year Note	2-Year Note section
5-Year Note/Ultra T-Bond	5-Year Note section
5-Year Note/T-Bond	5-Year Note section
5-Year Note/10-Year Note	5-Year Note section
10-Year Note/Ultra T-Bond	10-Year Note section
10-Year Note/T-Bond	10-Year Note section
10-Year Note/T-Bond Tandem	10-Year Note section
T-Bond/Ultra T-Bond	T-Bond section

SPREAD

ORIGINATING LOCATION

30- Year Swaps/Ultra T-Bonds	Swaps section
5/7/10/30-Year Swaps/T-Bonds	Swaps section
5/7/10/30-Year Swaps/10-Year Notes	Swaps section
5/7/10/30-Year Swaps/5-Year Notes	Swaps section
5/7/10/30-Year Swaps/2-Year Notes	Swaps section

Any multi-legged spreads involving the yield curve that are not specified above must originate from the section of the pit in which the product at the shortest end of the yield curve involved in the spread is traded.

Policy Outside Rollover Time Period

Outside of the rollover time period, members may bid, offer and trade any Treasury or Swap futures contract from any area of the Treasury futures pit, **provided that bids and offers originating outside of a particular contract's trading area are vocally and openly represented in a manner that is clearly transparent to the area of the pit where the product trades.** Notwithstanding the above, any such bids and offers may be accepted by any market participant in any area of the pit. Members are cautioned that a failure to ensure that such bids and offers are vocally and clearly directed to the specific area of the pit where the product trades will be subject to the issuance of charges for violation of Rule 514. Further, the Market Regulation Department may refer particularly egregious matters to the Probable Cause Committee.

Questions regarding this notice may be directed to:

Barry Schauer, Trading Floor Investigations Specialist, Market Regulation, 312.341.7640

Renea Burton, Senior Director, Trading Floor Operations, 312.341.3143

Market Regulation Hotline, 312.930.3333

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