CME Group

August 31, 2010

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

**RE: CBOT Rule 21A01.E.
Expanding the Initial Strike Price Band for Standard Options On 2-Year U.S. Treasury Note Futures
CBOT Submission No. 10-252**

Dear Mr. Stawick:

The Chicago Board of Trade, Inc. ("CBOT" or "Exchange") hereby notifies the Commodity Futures Trading Commission that the Exchange will expand the initial strike price band for standard options on 2-Year U.S. Treasury Note futures for existing and newly listed contract expirations effective for the trade date of **Monday, October 4, 2010**.

Since July 2009, cash 2-year Treasury note yields have varied between 0.49 and 1.32 percent, a range that lies significantly below historical yield levels. Likewise, over the same period, price volatility in 2-Year Treasury Note futures has fluctuated within a range of 0.6 to 1.5 percent per annum, well below historical volatility levels. The combined effect of low yields and low volatility has been to limit the number of low premium out-of-the-money 2-Year Note options that become listed for trading on Globex, the Exchange's electronic trading system, through the standard strike price array. The corresponding reduction in opportunity for CBOT Treasury option market participants is potentially significant.

Under current CBOT rules, the strike price array for 2-Year Note Options comprises the at-the-money strike (i.e., the strike price nearest the previous daily settlement price for the option's underlying 2-Year Note futures contract), plus the next 10 consecutive higher and the next 10 consecutive lower strikes, in quarter-point intervals. Since strike prices in 2-Year Note options cannot be added dynamically to Globex on a same-day basis, as in the open outcry environment, electronic traders are required to wait until the next business day before requested additions to the option strike price array become available for trading. In view of the prevailing low-yield and low-volatility environment, the Exchange will expand the initial strike price array for 2-Year Note options to comprise a total of 15 consecutive strikes above and below the at-the-money strike for all option expiries beginning on October 4.

CBOT certifies that this action complies with the Commodity Exchange Act and regulations thereunder.

If you require any additional information regarding this action, please do not hesitate to contact Daniel Grombacher at 312-634-1583 or via e-mail at daniel.grombacher@cmegroup.com, or contact me at 312-648-5422. Please reference our CBOT Submission No. 10-252 in any related correspondence.

Sincerely,

/s/ Stephen M. Szarmack
Regulatory Counsel

Attachment

Attachment 1

Proposed Changes to
Standard Options on Short-Term U.S. Treasury Note Futures

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

21A01.E. Exercise Prices

Trading shall be conducted for put and call options with striking prices in integral multiples of one-quarter (1/4) point per Short-Term U.S. Treasury Note futures contract as follows:

At the commencement of trading for such option contracts, the following striking prices shall be listed: one with a striking price closest to the Short-Term U.S. Treasury Note futures contract's previous day's settlement price and the next **fifteen** ~~ten~~ consecutive higher and the next **fifteen** ~~ten~~ consecutive lower striking prices closest to the previous day's settlement price. If the previous day's settlement price is midway between two striking prices, the closest price shall be the larger of the two. Over time, new striking prices will be added to ensure that at least **fifteen** ~~ten~~ striking prices always exist above and below the previous day's settlement price on the underlying futures. All new striking prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions.