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September 21, 2009

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

**RE: CBOT Chapter XXA - Long-Term U.S. Treasury Bond
Standard Options, and Chapter 5 – Rule 588.K. (“No Bust Ranges”)
and Position Limit and Reportable Level Table
CBOT Submission No. 09-178**

Dear Mr. Stawick:

Pursuant to Commission Regulation 40.6 and Section 5c(c)(1) of the Commodity Exchange Act, the Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”) hereby notifies the Commodity Futures Trading Commission (“Commission”) that it is self-certifying rules governing trading in standard options on Long-Term U.S. Treasury Bond futures, a new contract market.

CBOT intends to list the proposed standard option contract on the Long-Term Treasury Bond futures contract for trading, after the January 2010 launch of the underlying Long-Term Treasury Bond futures contract, at such time as the Exchange determines that the new futures contract evidences sufficient liquidity to serve as the underlying reference for a companion standard option contract. The Exchange will list the new standard option contract for trading on both the GLOBEX[®] electronic trading system and in open outcry. The Exchange will inform the Commission of the launch date for the standard option contract as soon as the Exchange determines this date.

CBOT designed new Long-Term Bond standard option contract to complement CBOT’s extant Treasury Bond and Note standard option contracts. The new option contract is an American-style option that will exercise into one Long-Term Bond futures contract, will have a minimum tick size of one-sixty-fourth of one point (\$15.625), and will feature serial as well as quarterly contract expirations.

Standard options on Long-Term Treasury Bond futures will have position accountability of 25,000 contracts and a reportable level of 1,500 contracts. Standard options on Long-Term Bond futures will not have price limits.

Attachments 1-3 summarize, respectively, the salient features, contract terms and conditions, position limits and reportable levels, and no bust ranges for standard options on Long-Term Treasury Bond futures.

CBOT certifies that these changes comply with the Commodity Exchange Act and regulations thereunder. The rule amendments will be made effective immediately

If you require additional information in support this letter, please contact Daniel Grombacher at (312) 634-1583 or via e-mail at daniel.grombacher@cmegroup.com) or me at (312) 648-5422. Please reference CBOT Submission No. 09-178 in any related correspondence.

Sincerely,

/s/ Stephen M. Szarmack
Director and Associate General Counsel

attachments

Attachment 1

Salient Features Standard Options on Long-Term U.S. Treasury Bond Futures

Underlying Instrument	One (1) Long-Term U.S. Treasury Bond futures contract of a specified delivery month.
Tick Size	One sixty-fourth of one point (\$15.625).
Strike Price Intervals	Thirty strike prices in intervals of one point will be listed above and below the at-the-money strike price to bracket the underlying futures.
Contract Months	Initially, two serial expiries plus three consecutive expiries in the March, June, September, and December quarterly cycle. Serials exercise into the first nearby quarterly futures contract. Quarterlies exercise into futures contracts of the same delivery period. For example, January, February, and March options exercise into March futures.
Last Trading Day	The last Friday which precedes by at least two business days the last business day of the month preceding the option month. Trading in expiring options ceases at the close of the regular CME Globex trading session for the corresponding futures contract.
Exercise	American. The buyer of an option may exercise into an underlying futures position on any business day up to and including the day such option expires, by giving notice of exercise by 18:00, Chicago time, to the Clearing House. In-the-money options shall be automatically exercised after 18:00, Chicago time, on the last trading day unless notice to cancel automatic exercise is given to the Clearing House. Exercise, whether voluntary or automatic, is determined in relation to the daily settlement price of the underlying futures price at 14:00, Chicago time.
Expiration	Unexercised options shall expire at 19:00, Chicago time, on the last trade date.
Trading Hours	Globex: 17:30 - 16:00, Chicago time, Sunday – Friday. Open Auction: 07:20 - 14:00, Chicago time, Monday – Friday.
Ticker Symbols	To be determined.
Daily Price Limit	None.
Position Accountability	25,000 option contracts for all months and all strike prices combined in each option category (i.e., long call, long put, short call, and short put).
Reportable Level	1,500 option contracts.
Block Minimum	Regular Trading Hours (07:00 – 16:00, Chicago time): 7,500 contracts. European Trading Hours (00:00 – 07:00, Chicago time): 3,750 contracts. Asian Trading Hours (16:00 – 00:00, Chicago time): 1,875 contracts.
All-or-None Minimum	2,500 contracts on an outright basis. For spread combinations, at least one leg must equal or exceed 2,500 contracts.

Attachment 2

CBOT Rulebook Chapter XXA Standard Options on Long-Term U.S. Treasury Bond Futures

XXA00. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Long-Term U.S. Treasury Bond futures. In addition to the rules of this chapter, transactions in options on Long-Term U.S. Treasury Bond futures shall be subject to the general rules of the Exchange insofar as applicable.

XXA01. OPTIONS CHARACTERISTICS

XXA01.A. Contract Months

Trading may be conducted in Long-Term U.S. Treasury Bond futures options for a thirty-six month period extending from the nearby contract month, provided however that the Exchange may determine not to list a contract month. Both serial and quarterly options may be listed to expire into either front-month or deferred futures as determined by the Exchange.

XXA01.B. Trading Unit

One Long-Term U.S. Treasury Bond futures contract of a specified delivery month.

XXA01.C. Minimum Fluctuations

Option premium shall be quoted in terms of Long-Term U.S. Treasury Bond futures price points (Rule XX102.C.). One point equals \$1,000.00. Option premium shall be quoted in increments of one sixty-fourth ($1/64$) of one point (\$15.625 per contract).

However, a position may be initiated or liquidated in Long-Term U.S. Treasury Bond futures options at a premium ranging from \$1.00 to \$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.).

XXA01.D. Trading Hours

The hours of trading for options on Long-Term U.S. Treasury Bond futures contracts shall be determined by the Exchange. Long-Term U.S. Treasury Bond futures options shall be opened and closed for all months and strike prices simultaneously or in such other manner as the Exchange shall direct.

On its last day of trading, an expiring Long-Term U.S. Treasury Bond futures option shall cease trading at the same time as the close of trading for the corresponding futures contract on that trading day.

XXA01.E. Exercise Prices

Trading shall be conducted for put and call options with striking prices in integral multiples of one point per Long-Term U.S. Treasury Bond futures contract as follows:

Attachment 2 (continued)

CBOT Rulebook Chapter XXA Standard Options on Long-Term U.S. Treasury Bond Futures

At the commencement of trading for such option contracts, the following striking prices shall be listed: one with a striking price closest to the Long-Term U.S. Treasury Bond futures contract's previous day's settlement price and the next thirty consecutive higher and the next thirty 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 thirty 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.

XXA01.F. Reserved

XXA01.G. Nature of Options on Long-Term U.S. Treasury Bond Futures
The buyer of one Long-Term U.S. Treasury Bond futures put option may exercise such option at any time prior to expiration (subject to Rule XXA02.A.) to assume a short position in one Long-Term U.S. Treasury Bond futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one Long-Term U.S. Treasury Bond futures put option incurs the obligation of assuming a long position in one Long-Term U.S. Treasury Bond futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer.

The buyer of one Long-Term U.S. Treasury Bond futures call option may exercise such option at any time prior to expiration (subject to Rule XXA02.A.) to assume a long position in one Long-Term U.S. Treasury Bond futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one Long-Term U.S. Treasury Bond futures call option incurs the obligation of assuming a short position in one Long-Term U.S. Treasury Bond futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer.

XXA01.H. Reserved

XXA01.I. Termination of Trading
Subject to the provisions of Rule XXA01.D., no trades in Long-Term U.S. Treasury Bond futures options expiring in the current month shall be made after the close of trading for the corresponding Long-Term U.S. Treasury Bond futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, or there is a Friday which is not a business day which precedes by one business day the last business day of the month preceding the option month, the last day of trading shall be the business day prior to such Friday.

Attachment 2 (continued)

**CBOT Rulebook Chapter XXA
Standard Options on Long-Term U.S. Treasury Bond Futures**

XXA01.J. Contract Modification

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling, directive, or law shall be construed to become part of the rules and all open and new options contracts shall be subject to such government orders.

XXA02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements in Chapter 7, the following shall apply to the exercise and assignment of Long-Term U.S. Treasury Bond options.

XXA02.A. Exercise of Option

The buyer of a Long-Term U.S. Treasury Bond futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing House by 6:00 p.m., or by such other time designated by the Exchange, on such day.

After the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing House. Notice to cancel automatic exercise shall be given to the Clearing House by 6:00 p.m., or by such other time designated by the Exchange, on the last day of trading.

Unexercised Long-Term U.S. Treasury Bond futures options shall expire at 7:00 p.m. on the last day of trading.

XXA02.B. Assignment

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members' open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the Exercise Notice.

**XXA03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES
(Refer to Rule 701.)**

Attachment 2 (continued)

**CBOT Rulebook Chapter XXA
Standard Options on Long-Term U.S. Treasury Bond Futures**

XXA04. CORRECTIONS TO OPTIONS EXERCISES

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 6:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an un-reconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

XXA05. PAYMENT OF OPTION PREMIUM

The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

Attachment 3

CBOT Rulebook Chapter 5 -- Position Limits, Reportable Levels, and No Bust Ranges for Standard Options on Long-Term U.S. Treasury Bond Futures

(Additions are underlined>. Deletions are struck through.)

CONTRACT NAME	Opt ¹	SCALE DOWN SPOT MONTH	SPOT MONTH	SINGLE MONTH	ALL MONTHS COMBINED	POSITION ACCOUNTABILITY Futures/Options	REPORTABLE FUTURES LEVEL	REPORTABLE OPTIONS LEVEL
FINANCIALS								
LONG-TERM U.S. TREASURY BONDS	Y	(SEE #13)				10,000 / 25,000	1,500	1,500
U.S. Treasury Bonds	Y	(see #13)				10,000 / 25,000	1,500	1,500
U.S. Treasury Notes (2 yr.)	Y	(see #13)				7,500 / 20,000	1,000	1,000
U.S. Treasury Notes (3 yr.)		(see #13)				7,500 / N/A	750	
U.S. Treasury Notes (5 yr.)	Y	(see #13)				7,500 / 20,000	2,000	2,000
U.S. Treasury Notes (6 ½ - 10 yr.)	Y	(see #13)				7,500 / 20,000	2,000	2,000
30 Day Fed Fund	Y					3,000 / N/A	600	600
30-Year Interest Rate Swap	Y					5,000 / 15,000	500	25
10-Year Interest Rate Swap	Y					5,000 / 15,000	500	500
7-Year Interest Rate Swap	Y					5,000 / 15,000	25	25
5-Year Interest Rate Swap	Y					5,000 / 15,000	500	500
Mini-sized Eurodollars			10,000	10,000	10,000		400	

#13 In the last ten trading days of the expiring futures month, the following position limits in the expiring contract will apply: Long-Term U.S. Treasury Bonds – 20,000 contracts; U.S. Treasury Bonds – 25,000 contracts; U.S. Treasury Notes (6½ - 10 Year) – 60,000 contracts; U.S. Treasury Notes (5 Year) – 45,000 contracts; U.S. Treasury Notes (2 Year) – 25,000 contracts. No hedge exemptions will be permitted with respect to these limits.

CBOT Rulebook, Chapter 5, Rule 588.K. No Bust Ranges

Option Contract Bid/Ask	Reasonability	No Bust Range
U.S. Treasuries (2-, 5- and 10 Year Notes, Bond, and Long-Term Bond)	4/64ths	20% of premium up to 2/64ths with minimum of 1 tick

¹ Net long or short effective at the close of trading two business days prior to the first trading day of the delivery month.
² Futures-equivalent position limit net long or net short in any one month other than the spot month. Net equivalent futures long or short in all months and strike prices combined.
³ Futures-equivalent position limit net long or net short in all months and strike prices combined. Long futures contracts, long call options, and short put options are considered to be on the long side of the market, while short futures contracts, long put options, and short call options are considered to be on the short side of the market.
⁴ As described in Rule 560. Futures levels refer to futures equivalent contracts. Options levels refer to option contracts for all months and all strike prices combined in each option category (long call, long put, short call and short put).