

December 13, 2012

**VIA E-MAIL**

Ms. Sauntia Warfield  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**RE: Modification to the Globex Matching Algorithm for Calendar Spreads on the 10-Year U.S. Treasury Note Futures  
CBOT Submission No. 12-460**

Dear Ms. Warfield:

Pursuant to Commission Regulation 40.6(a) and Section 5c(c)(1) of the Commodity Exchange Act ("Act" or "CEA"), 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 the addition of a 20% FIFO component to the 10-Year U.S. Treasury Note Future calendar spread matching algorithm on Sunday, January 6, 2013 for trade date Monday, January 7, 2013.

Currently, the Exchange allocates a FIFO percentage of 0% and a Pro-Rata percentage of 100% to the resting order book. The algorithm has been developed with the flexibility to calibrate the level of tradable quantity that is allocated on a FIFO and Pro-Rata basis (X% FIFO, Y% Pro-Rata for every tradable quantity). Under the proposed algorithm, the Exchange will allocate a FIFO percentage of 20% and a Pro-Rata percentage of 80% to the resting order book. The table below illustrates the current and proposed algorithms:

Current 10-Year Note Futures Algorithm (calendar spreads only)	Proposed 10-Year Note Futures Algorithm (calendar spreads only) – after January 7, 2013
<ul style="list-style-type: none"><li>• Assigns TOP Order (with maximum of 2500 contracts)</li><li>• <b>FIFO Percentage (0%)</b></li><li>• <b>Pro-Rata Percentage (100%)</b></li><li>• Pro-Rata Leveling</li></ul>	<ul style="list-style-type: none"><li>• Assigns TOP Order (with maximum of 2500 contracts)</li><li>• <b>FIFO Percentage (20%)</b></li><li>• <b>Pro-Rata Percentage (80%)</b></li><li>• Pro-Rata Leveling</li></ul>

The addition of a FIFO component will create an incentive for more market participants which will increase the quality of orders resting at various price levels which in turn will improve efficiency and price discovery in the market. The addition will also reduce incentives to pad orders to achieve a target pro-rata allocation and avoid getting a larger allocation than they desired. From January 7, 2013 through the end of the year ("pilot period"), CBOT will review the average size of the top of the book, the average depth of the book and the number of participants and percentage of average daily volume (ADV) to open interest during the typical calendar roll period. In addition, CBOT will make a qualitative assessment based on follow-up discussions with clients. After the conclusion of the pilot period, CBOT will make a determination of whether the desired improvements to the market have occurred. In the event that improvements have not occurred, CBOT will submit a 40.6(a) filing notifying the CFTC of the reversion to the original algorithm.

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 changes to the 10-Year U.S. Treasury Note Future calendar spread algorithm may have some bearing on the following Core Principles:

- Execution of Transactions: The addition of the FIFO component will incentivize market participants to provide improved quality of orders thereby promoting the Exchange to provide a competitive, open and efficient market and mechanism for executing transactions that protect the price discovery process of trading in the centralized market.

CBOT certifies that these changes comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

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 require any additional information regarding this action, please do not hesitate to contact me at 312-930-8167. Please reference CBOT Submission No. 12-460 in any related correspondence.

Sincerely,

/s/ Sean Downey  
Director & Assistant General Counsel