# Chapter 44
# 10-Year On-the-Run Treasury Yield Futures

## 44100. SCOPE OF CHAPTER

This chapter is limited in application to trading of 10-Year On-the-Run Treasury Yield futures. The procedures for trading, clearing, inspection, delivery and settlement, and any other matters not specifically covered herein or in Chapter 7 shall be governed by the general rules of the Exchange.

## 44101. CONTRACT SPECIFICATIONS

The contract grade shall be the final settlement price (Rule 44103.B.) of the unit of trading (Rule 44102.B.) on the last trading day (Rule 44102.F.).

The final settlement price shall be based upon the yield to maturity for the on-the-run 10-Year U.S. Treasury note. Such yield to maturity shall be determined as the following difference: (a) the ISDA® Benchmark Rate[1] for a 10-Year U.S. dollar interest rate swap minus (b) the ISDA U.S. dollar Swap Spread for ten years to maturity. Both elements of such difference shall be for the contract's Last Trading Day, as published on the contract's Last Trading Day on Reuters page ISDAFIX3[sm] (or on such other Reuters page or by such other means as shall be designated by ISDA for the purpose of publishing and disseminating ISDA Benchmark Rates for U.S. dollar interest rate swaps and ISDA U.S. dollar Swap Spreads). Determination of the final settlement price on the basis of said ISDA Benchmark Rate and said ISDA Swap Spread shall be as prescribed in Rule 44103.

Hereafter in this chapter, the ISDA Benchmark Rate for a 10-Year U.S. dollar interest rate swap shall be referenced as "the ISDA Benchmark," the corresponding ISDA U.S. dollar Swap Spread shall be referenced as "the ISDA Spread," and ISDAFIX3 (or such other Reuters page or such other means as shall be designated by ISDA for the purpose of publishing and disseminating ISDA Benchmark Rates for U.S. dollar interest rate swaps and ISDA U.S. dollar Swap Spreads) shall be referenced as "Reuters."

## 44102. TRADING SPECIFICATIONS

The number of contract expiration months open for trading at a given time shall be determined by the Exchange.

### 44102.A. Trading Schedule

The hours of trading for 10-Year On-the-Run Treasury Yield futures shall be determined by the Exchange. On the Last Trading Day in an expiring future (Rule 44102.F.), the close of the expiring future shall begin at 10:00 a.m. Chicago time, and trading shall be permitted thereafter for a period not to exceed one minute.

### 44102.B. Trading Unit

The unit of trading shall be the notional price of a 10-year U.S. Treasury note having face value of $100,000 and paying a fixed semiannual coupon at the rate of 4 percent per annum.

### 44102.C. Price Increments

The price of 10-Year On-the-Run Treasury Yield futures shall be quoted in points. One point equals $1,000.00. Par shall be on the basis of 100 points. The minimum price fluctuation shall be one-half of one thirty-second of one point ($15.625 per contract) except for intermonth spreads, for which the minimum price fluctuation shall be one-fourth of one thirty-second of one point ($7.8125 per contract). Contracts shall not be made on any other price basis.

### 44102.D. Reserved

### 44102.E. Reserved

### 44102.F. Termination of Trading

The Last Trading Day of a 10-Year On-the-Run Treasury Yield futures contract shall be defined by the Exchange, at the time such contract is listed for trading.

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[1] ISDA® is a registered trademark, and ISDAFIX[sm] is a registered service mark, of the International Swaps and Derivatives Association, Inc. ISDA Benchmark mid-market par swap rates and ISDA Swap Spreads are collected at 10:00 a.m. Chicago time by Reuters Limited and ICAP plc and published on Reuters page ISDAFIX1. Source: Reuters Limited.

The Exchange shall define such contract's expiration month with reference to the schedule of auctions for new 10-year Treasury notes as indicated in the latest available Tentative Auction Schedule of U.S. Treasury Securities (hereafter, "Auction Schedule") as maintained and published by the U.S. Treasury Department (hereafter, "Treasury").

Customarily, and without limitation to the foregoing, for any futures contract for a given expiration month the Exchange shall define the Last Trading Day to be the Auction Date for a new 10-year Treasury note during the contract's named month of expiration, as given in the latest Auction Schedule at the time such futures contract is listed for trading.

The Last Trading Day in such futures contract, so determined, shall remain fixed, notwithstanding any changes to the Auction Schedule as may occur after such contract has been listed by the Exchange for trading.

Trading in expiring futures shall cease at 10:01am Chicago time on the Last Trading Day (Rule 44102.A.).

After trading in expiring contracts has ceased, expiring contracts that remain open shall be liquidated by cash settlement as prescribed in Rule 44103.

## 44103. DELIVERY ON FUTURES CONTRACTS

Delivery against 10-Year On-the-Run Treasury Yield futures contracts shall be made by cash settlement through the Clearing House following normal variation margin procedures. Final settlement price shall be calculated on the Last Trading Day after Reuters has published the ISDA Benchmark and the ISDA Spread for the Last Trading Day. Generally, such publications will occur at 10:30 a.m. Chicago time on the Last Trading Day.

If Reuters fails to report the ISDA Benchmark or the ISDA Spread for the Last Trading Day on the Last Trading Day, then the final settlement price shall be based upon the ISDA Benchmark and the ISDA Spread for the next available business day on which both values are reported by Reuters. If such ISDA Benchmark and such ISDA Spread have not been reported within five (5) Exchange business days following the Last Trading Day, then the contract final settlement price shall be based upon the ISDA Benchmark and the ISDA Spread for the last business day that precedes the Last Trading Day and for which both values are available.

### 44103.A. Final Settlement Value

The final settlement value shall be determined as follows:

$$\text{Final Settlement Value} = \$100{,}000 * [\, 4/r + (1 - 4/r)*(1 + r/200)^{-20} \,]$$

where r represents the ISDA Benchmark for the Last Trading Day minus the ISDA Spread for the Last Trading Day, expressed in percent terms. For example, if the ISDA Benchmark is five and one quarter percent (5.25) and the ISDA Spread is one quarter of one percent (0.25), then r is equal to 5.00.

### 44103.B. Final Settlement Price

The final settlement price shall be the final settlement value (Rule 44103.A.) rounded to the nearest one-quarter of one thirty-second of a price point.

Example: Suppose that on the Last Trading Day the ISDA Benchmark is 3.966 percent and the ISDA Spread is 0.315 percent. The yield to maturity for the on-the-run 10-Year U.S. Treasury note will be computed as 3.651 percent, equal to 3.966 percent minus 0.315 percent. The contract final settlement value will be $102,901.96. To render this in terms of price points and quarters of thirty-seconds of price points, note that it is between 102-28.75/32nds and 102-29/32nds (where each price point equals $1,000) --

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|---|---|---|
| 102-29/32nds | = | $102,906.25 |
| Final settlement value | = | $102,901.96 |
| 102-28.75/32nds | = | $102,898.4375 |

The final settlement value is nearer to 102-28.75/32nds. Thus, the contract final settlement price is obtained by rounding down to 102-28.75/32nds.

In the event that the final settlement value is at the exact midpoint between any two adjacent quarters of one thirty-second of a price point, the final settlement price will be obtained by rounding up to the nearest one-quarter of a thirty-second of a price point.