

## Special Executive Report

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S- 4832

March 20, 2009

### **Revised Time Reporting Requirements for CBOT Treasury Futures**

On January 12, 2009, CME Group (or "Exchange") implemented several changes to the CBOT Treasury Bond and Note futures contracts in order (1) to enhance the time reporting requirements for all Treasury futures contracts for giving delivery notification on intention day and (2) to clarify the time reporting requirements for Treasury Bond futures and 10-Year Treasury Note futures for Exchange of Futures for Related Positions on the fifth business day preceding the last business day of the contract's named month of expiration. The Exchange wishes to remind Treasury futures market participants of these changes since the March 2009 delivery cycle is the first delivery period that will be impacted by these changes.

#### **Time Reporting Requirements for Delivery Notification**

CME Group wishes to inform market participants that Exchange rules governing time reporting requirements for delivery notification on intention day in Treasury Bond and Note futures have been amended (see Attachment 1). These amendments modify Rules 18104.A., 19104.A., 20104.A., and 21104.A. such that a short position holder in a Treasury Bond or Note futures contract who intends to make delivery must inform the Clearing House of such intention to deliver no later than 6:00 p.m. Chicago time on the second business day preceding the intended day of delivery. Prior to these changes, a short position holder was required to inform the Clearing House of such intention no later than 8:00 p.m. Chicago time on the second business day preceding the intended day of delivery.

#### **Time Reporting Requirements for Exchange of Futures for Related Positions**

In addition, CME Group wishes to inform market participants that Exchange rules governing time reporting requirements for Exchange of Futures for Related Positions in Treasury Bond and Note futures have been modified (see Attachment 2). The Exchange has modified Rules 18102.F.(b) and 19102.F.(b), such that liquidation by Exchange of Futures for Related Positions in an expiring Treasury Bond or 10-Year Note futures contract that remains outstanding after it has ceased trading must occur no later than 12:00 p.m. Chicago time on the fifth business day preceding the last business day of the contract's named month of expiration. Prior to these changes, these Rules gave no specific time of day as the deadline for effecting such contract liquidations. These amendments serve to bring Rules 18102.F.(b) and 19102.F.(b) into conformity with Rules 20102.F.(b) and 21102.F.(b) that, respectively, govern liquidation by Exchange of Futures for Related Positions in expiring 5-Year and 2-Year U.S. Treasury Note futures that remain outstanding after they have ceased trading.

Please refer questions concerning time reporting requirements to:

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## **Attachment 1**

### **U.S. Treasury Bond Futures**

#### **18104.A. Day of Intention**

No later than 6:00 p.m. on the second business day preceding the intended day of delivery, the short Clearing Member must tender to the Clearing House all notices of intention to make delivery such as it has received from its customers who are short.

Where a futures commission merchant, as a Clearing Member, has an interest both long and short for customers on its own books, it must tender all such notices of intention to deliver.

To each short Clearing Member who has issued a notice of intention to make delivery, the Clearing House shall assign long Clearing Members who shall be obligated to take delivery. Upon making such assignment, the Clearing House shall promptly furnish to each short Clearing Member making delivery the names of the long Clearing Members assigned to take delivery from such short Clearing Member.

### **10-Year U.S. Treasury Note Futures**

#### **19104.A. Day of Intention**

No later than 6:00 p.m. on the second business day preceding the intended day of delivery, the short Clearing Member must tender to the Clearing House all notices of intention to make delivery such as it has received from its customers who are short.

Where a futures commission merchant, as a Clearing Member, has an interest both long and short for customers on its own books, it must tender all such notices of intention to deliver.

To each short Clearing Member who has issued a notice of intention to make delivery, the Clearing House shall assign long Clearing Members who shall be obligated to take delivery. Upon making such assignment, the Clearing House shall promptly furnish to each short Clearing Member making delivery the names of the long Clearing Members assigned to take delivery from such short Clearing Member.

## **Attachment 1 (continued)**

### **5-Year U.S. Treasury Note Futures**

#### **20104.A. Day of Intention**

No later than 6:00 p.m. on the second business day preceding the intended day of delivery, the short Clearing Member must tender to the Clearing House all notices of intention to make delivery such as it has received from its customers who are short.

Where a futures commission merchant, as a Clearing Member, has an interest both long and short for customers on its own books, it must tender all such notices of intention to deliver.

To each short Clearing Member who has issued a notice of intention to make delivery, the Clearing House shall assign long Clearing Members who shall be obligated to take delivery. Upon making such assignment, the Clearing House shall promptly furnish to each short Clearing Member making delivery the names of the long Clearing Members assigned to take delivery from such short Clearing Member.

### **2-Year U.S. Treasury Note Futures**

#### **21104.A. Day of Intention**

No later than 6:00 p.m. on the second business day preceding the intended day of delivery, the short Clearing Member must tender to the Clearing House all notices of intention to make delivery such as it has received from its customers who are short.

Where a futures commission merchant, as a Clearing Member, has an interest both long and short for customers on its own books, it must tender all such notices of intention to deliver.

To each short Clearing Member who has issued a notice of intention to make delivery, the Clearing House shall assign long Clearing Members who shall be obligated to take delivery. Upon making such assignment, the Clearing House shall promptly furnish to each short Clearing Member making delivery the names of the long Clearing Members assigned to take delivery from such short Clearing Member.

## **Attachment 2**

### **U.S. Treasury Bond Futures**

#### **18102.F. Termination of Trading**

No trades in an expiring contract shall be made during the last 7 business days of the contract's named month of expiration. Any contract remaining open after the last day of trading must be either:

- (a) settled by physical delivery no later than the last business day of the contract's named month of expiration (Rule 18103.); or
- (b) liquidated by means of a bona fide Exchange of Futures for Related Position (Rule 538.) no later than 12:00 noon on the fifth business day preceding the last business day of the contract's named month of expiration.

### **10-Year U.S. Treasury Note Futures**

#### **19102.F. Termination of Trading**

No trades in an expiring contract shall be made during the last 7 business days of the contract's named month of expiration. Any contract remaining open after the last day of trading must be either:

- (a) settled by physical delivery no later than the last business day of the contract's named month of expiration (Rule 19103.); or
- (b) liquidated by means of a bona fide Exchange of Futures for Related Position (Rule 538.) no later than 12:00 noon on the fifth business day preceding the last business day of the contract's named month of expiration.