CME Group

Special Executive Report

DATE: **January 4, 2019**
SER#: **8171**
SUBJECT: **Reduction of Minimum Price Increment of the Short-Term U.S. Treasury Note Futures (2-Year) Contract**

Effective Sunday, January 13, 2019, for trade date Monday, January 14, 2019, The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") shall reduce the minimum price increment ("MPI") of the Short-Term U.S. Treasury Note Futures (2-Year) contract (Rulebook Chapter 21; CME Globex Code: ZT; CME ClearPort and Clearing Code: 26).

Specifically, the Exchange will amend Rule 21102.C. ("Price Increments") to reduce the futures contract's MPI from one-quarter (1/4) of one thirty-second (1/32) of one price point (ie, 0.0078125 price points) to one-eighth (1/8) of 1/32 of one price point (i.e., 0.00390625 price points). Amendments to Rule 21102.C. are provided in the Appendix below in blackline format.

The reduced MPI shall apply to outright transactions executed on the CME Globex electronic trading platform and to outright transactions submitted for clearing via CME ClearPort. The reduced MPI shall also apply to intermarket and intramarket spread transactions, including calendar spreads. Such outright and spread transactions are as summarized in Exhibit 1. The futures portion of covered options either submitted for clearing via CME ClearPort or executed as a user-defined strategy on CME Globex shall support the 1/8th of 1/32nd MPI.

Exhibit 1

Products	CME Globex Code
Short-Term US Treasury Note Futures (2-Year)	ZT
ZT vs Long-Term ("Ultra") US Treasury Bond Futures	TUL
ZT vs Long-Term US Treasury Note Futures (6 ½ to 10-Year)	TUT
ZT vs US Treasury Bond Futures	TUB
ZT vs 3-Year US Treasury Note Futures	TYT
ZT vs Medium-Term US Treasury Note Futures (5-Year)	TUF
ZT vs 10-Year ("Ultra") US Treasury Note Futures	TUX
ZT vs Medium-Term US Treasury Note Futures (5-Year)	TFY
ZT vs Medium-Term US Treasury Note Futures (5-Year)	TAF

Exhibit 2 exemplifies the price display convention by which the amended price standards will be implemented.

Exhibit 2

Current MPI	Amended MPI	Decimal Representation *(Fraction of 1/32 Price Points)*	Display Example *(Price = 108 and n/32nds)*
	1/8	0.**1**25	108'00**1**
1/4	2/8	0.**2**5	108'00**2**
	3/8	0.**3**75	108'00**3**
2/4	4/8	0.**5**	108'00**5**
	5/8	0.**62**5	108'00**6**
3/4	6/8	0.**75**	108'00**7**
	7/8	0.**8**75	108'00**8**
	8/8	1.**0**00	108'01**0**

The Commodity Futures Trading Commission (CFTC) will be notified of the aforementioned amendments during the week of January 21, 2019, via the weekly notification procedures set forth in Part 40 of the CFTC Regulations.

 Please refer questions regarding this matter to:

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Appendix
CBOT Rulebook

Chapter 21
Short-Term U.S. Treasury Note Futures (2-Year)
(additions underscored; deletions struck through)

21102. **TRADING SPECIFICATIONS**

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21102.C. **Price Increments**

 Par shall be on the basis of 100 points, with each point equal to $2,000 per contract. The minimum price fluctuation shall be one-quarter one-eighth of one thirty-second of one point (equal to $15.625 $7.8125 per contract), including intermonth spreads. Contracts shall not be made on any other price basis.

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