



Special Executive Report

DATE: June 30, 2020

SER#: 8542

SUBJECT: Amendments to CBOT Rule 589. (Special Price Fluctuation Limits), the Special Price Fluctuation Limits and Daily Limits Table and Application of Dynamic Price Fluctuation Limits to CBOT Treasury and Interest Rate Swap (LTIRs) Futures

Effective Sunday, July 26, 2020 for trade date Monday, July 27, 2020 and pending all relevant CFTC regulatory review periods, The Board of Trade of the City of Chicago, Inc. ("CBOT") will amend CBOT Rule 589. ("Special Price Fluctuation Limits") and the related Special Price Fluctuation Limits and Price Limits table (the "Table") (collectively, the "Rule Amendments") to apply Dynamic Price Fluctuation Limits to the following CBOT Treasury and Interest Rate Swap (LTIR) contracts (the "Contracts").

CBOT	Rulebook Chapter	Commodity Code
LTIRs (Long Term Interest Rates)		
Short-Term US Treasury Note Futures (2-Year)	21	ZT
2-Year USD Deliverable Interest Rate Swap Futures	51	T1U
2-Year Eris Swap Futures	61	LIT
2 Year Treasury Invoice Swap Spread	58	TVA-F
3-Year US Treasury Note Futures	39	Z3N
3-Year Eris Swap Futures	61	LIC
Medium-Term US Treasury Note Futures (5-Year)	20	ZF
5-Year USD Deliverable Interest Rate Swap Futures	52	F1U
4-Year Eris Swap Futures	61	LID
5-Year Eris Swap Futures	61	LIW
5 Year Treasury Invoice Swap Spread	58	FYA-F
Long-Term US Treasury Note Futures (6½ to 10-Year)	19	ZN
7-Year Eris Swap Futures	61	LIB
10 Year Treasury Invoice Swap Spread	58	TYA-F
7-Year USD Deliverable Interest Rate Swap Futures	59	S1U
10-Year U.S. Treasury Note Futures	26	TN
10-Year USD Deliverable Interest Rate Swap Futures	53	N1U
10-Year Eris Swap Futures	61	LIY
Ultra 10-Year Treasury Invoice Swaps	58	TNA-F
12-Year Eris Swap Futures	61	LII
US Treasury Bond Futures	18	ZB
15-Year Eris Swap Futures	61	LIL

20-Year Eris Swap Futures	61	LIO
Treasury Bond Invoice Swap	58	UTA-E
20-Year USD Deliverable Interest Rate Swap Futures	59	E1U
Long-Term US Treasury Bond Futures	40	UB
30-Year USD Deliverable Interest Rate Swap Futures	54	B1U
30-Year Eris Swap Futures	61	LIE
Treasury Ultra Bond Invoice Swap Spread	58	UBA-F

The amendments to CBOT Rule 589. apply section - (“Dynamic Price Fluctuation Limits”) to dynamic price fluctuation limit functionality as a type of special price fluctuation limit. Dynamic price limit functionality under the special price fluctuation limits mechanism will assign a price limit variant as determined by the Exchange (“dynamic variant”). During the trading day, the dynamic variant will be utilized in rolling 60 minutes look-back periods to establish dynamic upper and lower price fluctuation limits. Posted trades, bids or offers through the dynamic price fluctuation limits will trigger a two (2) minute trading halt. This methodology allows for the trading engine to halt the market on a move at any point during the day, which will promote continuous price discovery with less market disruption.

Treasury and Interest Rate Swap futures would have dynamic variants that are fixed values. For example, the primary contract month for the 10-Year Treasury Note (ZN) futures would have a fixed dynamic variant of 2.00 points. For this contract, the price fluctuation limits will be established in a rolling sixty (60) minute look-back period at the lowest trade or offer price plus 2.00 points and the highest trade or bid price minus 2.00 points. If the price of the contract is traded, bid or offered through a dynamic price fluctuation limit in the 60-minute look-back window, there will be a two (2) minute temporary trading halt. When the market resumes trading, dynamic upper and lower price fluctuation limits of shall be recalculated.

Additionally, should a triggering event occur in the primary futures contract during the primary futures contracts settlement determination period or during the (2) two-minute period preceding the close of trading in the primary futures contract, then a (5) five second temporary trading halt will commence in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. Should a triggering event during such timeframes occur in the non-lead contract month of the primary futures contract, there shall be a (5) five second temporary trading halt for that non-lead contract month of the primary contract.

Dynamic price fluctuation limits will be applied to the Contracts as indicated in the Table. Existing special price fluctuation limit functionality will be eliminated upon the implementation of dynamic price fluctuation limits to such products currently subject to traditional special price fluctuation limits.

The Rule Amendments are provided in Exhibit A below in blackline format.

Inquiries regarding the aforementioned may be directed to the CME Group Global Command Center at 312.456.2391. Questions regarding this Special Executive Report may be directed to the CME Global Command Center at +1.800.438.8616, in Europe at +44.800.898.013, in Asia at +65.6532.5010, or GCC@cmegroup.com.

EXHIBIT A
CBOT Rulebook
Chapter 5
(“Trading Qualifications and Practices”)
(additions underscored; deletions ~~overstruck~~)

589. SPECIAL PRICE FLUCTUATION LIMITS

The special price fluctuation limits, including dynamic price fluctuation limits, applicable to those contracts with such limits are set forth in the Special Price Fluctuation Limits and Daily Price Limits Table (“Table”) in the Interpretations Section at the end of Chapter 5.

589.A. Initial Price Fluctuation Limits for All Contract Months

At the commencement of each trading day, there shall be initial price fluctuation limits in effect for each futures contract month of the primary futures contract (as identified in the Table) above or below the previous day's settlement price for such contract month set at the first special price fluctuation limit level as provided in the Table.

589.B. Triggering Events and Temporary Trading Halts

1. First Triggering Event and Temporary Trading Halt

If the lead contract month (as identified by the Exchange) of the primary futures contract is bid or offered via Globex at the upper or lower price fluctuation limit at the first special price fluctuation limit level, as applicable, it will be considered a triggering event that will begin a two (2) minute monitoring period in the lead contract month. If, at the end of the two (2) minute monitoring period, the lead contract month of the primary futures contract is not bid or offered at the applicable special price fluctuation limit, the special price fluctuation limits shall be expanded an additional increment above and below the previous day's settlement price for all contract months of the primary futures contract and all contract months of associated products of the primary futures contract as provided in the Table. If, however, at the end of the two (2) minute monitoring period, the lead contract month of the primary futures contract is bid or offered at the applicable special price fluctuation limit, a two (2) minute temporary trading halt will commence in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. In addition, trading in any associated product that is an option related to the primary futures contract or in an option contract related to any other associated product of the primary futures contract that may be available for trading on Globex or on the trading floor shall be subject to a coordinated temporary trading halt.

2. Expansion of Limits Following Temporary Trading Halt

Following the end of a temporary trading halt, the affected markets shall re-open simultaneously in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract. When trading resumes, the special price fluctuation limits shall be expanded an additional increment above and below the previous day's settlement price for all contract months of the primary futures contract and all contract months of associated products of the primary futures contract as provided in the Table.

In each instance in which a triggering event occurs, a two (2) minute monitoring period will commence as provided in Section B.1. of this Rule. In each instance, the special price fluctuation limits shall be expanded by an additional increment above and below the previous day's settlement price for all contract months of the primary futures contract and all contract months of associated products of the primary futures contract as provided in the Table. Following the fourth triggering event on a trading day, there shall be no further special price fluctuation limits.

3. ~~Interest Rate Contracts~~

~~The GCC shall designate a lead primary contract month for purposes of this Rule. Additionally, an expiring contract month of a primary futures contract shall have no special price fluctuation limits from the contract's first notice day through its last delivery day.~~

~~On each trading day, there shall be no temporary trading halts or expansion of special price fluctuation limits in the primary futures contract or in any associated products of the primary futures contract during the five (5) minutes preceding the end of the primary futures contract's settlement price determination period. If a triggering event occurs during this five (5) minute period, trading will continue with the current~~

~~price limit in effect until the conclusion of the five (5) minute period, at which time a monitoring period, temporary trading halt or special price fluctuation limit expansion, as applicable, will occur.~~

~~On each trading day, there shall be no temporary trading halts or expansion of special price fluctuation limits in the primary futures contract or in any associated products of the primary futures contract during the five (5) minute period preceding the close of trading. If a triggering event occurs during this five (5) minute period, trading will continue with the current price limit in effect until the close of trading.~~

34. Short Term Interest Rate Contracts

The GCC shall designate a lead primary contract month for purposes of this Rule. Additionally, there shall be no special price fluctuation limits on the two Business Days prior to the expiration of an expiring primary futures contract month.

On each trading day, there shall be no temporary trading halts or expansion of special price fluctuation limits in the primary futures contract or in any associated products of the primary futures contract during the five (5) minutes preceding the end of the primary futures contract's settlement price determination period. If a triggering event occurs during this five (5) minute period, trading will continue with the current price limit in effect until the conclusion of the five (5) minute period, at which time a monitoring period, temporary trading halt or special price fluctuation limit expansion, as applicable, will occur.

On each trading day, there shall be no temporary trading halts or expansion of special price fluctuation limits in the primary futures contract or in any associated products of the primary futures contract during the five (5) minute period preceding the close of trading. If a triggering event occurs during this five (5) minute period, trading will continue with the current price limit in effect until the close of trading.

589.C. Price Fluctuation Limits on Trading Floor (Floor Trading)

The special price fluctuation limits cited in Section A. of this Rule shall be applicable to all products in the Table that are traded via open outcry on the trading floor. Trades occurring via open outcry on the trading floor shall not constitute a triggering event for purposes of a temporary trading halt.

In all instances in which a temporary trading halt in the lead contract month of the primary futures contract occurs on Globex, floor trading in all contract months in any option related to the primary futures contract or in an option contract related to any associated product of the primary futures contract shall be subject to a coordinated temporary trading halt.

Whenever Globex markets are re-opened with expanded price limits pursuant to the provisions of Section B. of this Rule, the affected markets on the trading floor shall simultaneously re-open with expanded price limits.

589.D. Dynamic Price Fluctuation Limits

At the commencement of each trading day, the subject contracts, as designated in the Table, shall be assigned a price limit variant which shall equal a percentage of the prior trading day's Exchange-determined settlement price, or a price deemed appropriate by the GCC, ("dynamic variant"). During the trading day, the dynamic variant shall be applied in rolling 60-minute look-back periods to establish dynamic lower and upper price fluctuation limits as follows:

- (a) the dynamic variant shall be subtracted from the highest trade and/or bid price during a look-back period to establish the lower price fluctuation limit, i.e., trade and/or offer, and
- (b) the dynamic variant shall be added to the lowest trade and/or offer price during a look-back period to establish the upper price fluctuation limit, i.e., trade and/or bid.

1. Triggering Events and Temporary Trading Halts

If the lead contract month (as identified by the Exchange) of the primary futures contract is traded, bid or offered on Globex at a price below the lower or above the upper dynamic price fluctuation limit, it shall be considered a triggering event which shall begin a two (2) minute temporary trading halt in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. If a non-lead contract month of the primary futures contract is traded, bid or offered on Globex at a price below the lower or above the upper dynamic price fluctuation limit, it shall be considered a triggering event which shall begin a two (2) minute temporary trading halt in that non-lead contract month of the primary futures contract.

2. Limits Following Temporary Trading Halt

Following the end of a temporary trading halt triggered by the lead contract month, the affected markets shall re-open simultaneously at the indicative opening price as determined by the Exchange in all contract months of the primary futures contract and in all contract months of the associated contracts of the primary futures contract as provided in the Table. When trading resumes, the dynamic lower and upper price fluctuation limits shall be recalculated as described above. Following the end of a temporary trading halt triggered by a non-lead contract month, the affected market shall re-open at the indicative opening price

as determined by the Exchange and the dynamic lower and upper price fluctuation limits shall be recalculated as described above.

3. Additional Characteristics

On each trading day, should there be a triggering event in the lead contract month of the primary futures contract during such contract's settlement determination period, there shall be a (5) five second temporary trading halt in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. If a non-lead contract month of the primary futures contract, or any contract month of an associated product of the primary futures contract, experiences a triggering event during the primary futures contracts settlement determination period, there shall be a (5) five second temporary trading halt for that non-lead contract month or that contract month of an associated product of the primary contract.

On each trading day, should there be a triggering event in the lead contract month of the primary futures contract during the (2) two-minute period preceding the close of trading, there shall be a (5) five second temporary trading halt in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. If a non-lead contract month of the primary futures contract, or any contract month of an associated product of the primary futures contract, experiences a triggering event during the (2) two-minute period preceding the close of trading of the primary futures contract, there shall be a (5) five second temporary trading halt for that non-lead contract month or that contract month of an associated product of the primary contract.

[Remainder of Chapter Unchanged.]

Special Price Fluctuation Limits and Daily Price Limits Table

Products with a limit level designated in blue are associated products without their own specific limits.

Note - * Denotes a product not listed on Globex.

Product	RULEBOOK CHAPTER	COMMODITY CODE	PRIMARY/ ASSOCIATED	ASSOCIATED WITH	Regular Trading Hours (RTH) (7:00-17:00 Central Time)					Extended Trading Hours (ETH) (17:00-7:00 Central Time)						
					BASE-IN-REAL-ECONOMIC-VALUE	Level 1	Level 2	Level 3	Level 4	Level 5	BASE-IN-REAL-ECONOMIC-VALUE	Level 1	Level 2	Level 3	Level 4	Level 5
CBOT																
Short-Term US Treasury Note Futures (2-Year)	21	ZT	Primary	Primary	\$6,000	3000	4000	5000	6000	No-Limit	\$2,000	1000	2000	3000	4000	No-Limit
2-Year USD Deliverable Interest Rate Swap Futures	51	T1U	Associated	ZF						No-Limit						No-Limit
2-Year Eris Swap Futures	61	LIT	Associated	ZF						No-Limit						No-Limit
3-Year Eris Swap Futures	61	LIC	Associated	ZF						No-Limit						No-Limit
3-Year US Treasury Note Futures	39	Z3N	Primary	Primary	\$3,000	3000	4000	5000	6000	No-Limit	\$1,000	1000	2000	3000	4000	No-Limit
Medium-Term US Treasury Note Futures (5-Year)	20	ZF	Primary	Primary	\$6,000	6000	8000	10000	12000	No-Limit	\$2,000	2000	4000	6000	8000	No-Limit
5-Year USD Deliverable Interest Rate Swap Futures	52	F1U	Associated	ZF						No-Limit						No-Limit
4-Year Eris Swap Futures	61	LID	Associated	ZF						No-Limit						No-Limit
5-Year Eris Swap Futures	61	LJW	Associated	ZF						No-Limit						No-Limit
Long-Term US Treasury Note Futures (6½ to 10-Year)	19	ZN	Primary	Primary	\$6,000	6000	8000	10000	12000	No-Limit	\$2,000	2000	4000	6000	8000	No-Limit
10-Year USD Deliverable Interest Rate Swap Futures	53	N1U	Associated	ZN						No-Limit						No-Limit
7-Year Eris Swap Futures	61	LIB	Associated	ZN						No-Limit						No-Limit
7-Year USD Deliverable Interest Rate Swap Futures	59	S1U	Associated	ZB						No-Limit						No-Limit
10-Year U.S. Treasury Note Futures	26	TN	Primary	Primary	\$6,000	6000	8000	10000	12000	No-Limit	\$2,000	2000	4000	6000	8000	No-Limit
10-Year Eris Swap Futures	61	L1Y	Associated	TN						No-Limit						No-Limit
12-Year Eris Swap Futures	61	L1I	Associated	TN						No-Limit						No-Limit
US Treasury Bond Futures	18	ZB	Primary	Primary	\$9,000	900	1200	1500	1800	No-Limit	\$3,000	300	600	900	1200	No-Limit
15-Year Eris Swap Futures	61	L1L	Associated	ZB						No-Limit						No-Limit
20-Year Eris Swap Futures	61	L1O	Associated	ZB						No-Limit						No-Limit
20-Year USD Deliverable Interest Rate Swap Futures	59	E1U	Associated	ZB						No-Limit						No-Limit
Long-Term US Treasury Bond Futures	40	UB	Primary	Primary	\$9,000	900	1200	1500	1800	No-Limit	\$3,000	300	600	900	1200	No-Limit
30-Year USD Deliverable Interest Rate Swap Futures	54	B1U	Associated	UB						No-Limit						No-Limit
30-Year Eris Swap Futures	61	L1E	Associated	UB						No-Limit						No-Limit
Dynamically Calculated Variant - All Hours																
Short-Term US Treasury Note Futures (2-Year)	21	ZT	Primary	Primary						0.75 of 1 point						
2-Year USD Deliverable Interest Rate Swap Futures	51	T1U	Primary	Primary						0.75 of 1 point						
2-Year Eris Swap Futures	61	LIT	Primary	Primary						0.75 of 1 point						
2 Year Treasury Invoice Swap Spread	58	TVA-F	Primary	Primary						20 basis points						
3-Year US Treasury Note Futures	39	Z3N	Primary	Primary						1.00 point						
3-Year Eris Swap Futures	61	LIC	Primary	Primary						1.00 point						
Medium-Term US Treasury Note Futures (5-Year)	20	ZF	Primary	Primary						1.50 points						
5-Year USD Deliverable Interest Rate Swap Futures	52	F1U	Primary	Primary						1.50 points						
4-Year Eris Swap Futures	61	LID	Primary	Primary						1.50 points						
5-Year Eris Swap Futures	61	LJW	Primary	Primary						1.50 points						
5 Year Treasury Invoice Swap Spread	58	FYA-F	Primary	Primary						20 basis points						
Long-Term US Treasury Note Futures (6½ to 10-Year)	19	ZN	Primary	Primary						2.00 points						
7-Year Eris Swap Futures	61	LIB	Primary	Primary						2.00 points						
10 Year Treasury Invoice Swap Spread	58	TYA-F	Primary	Primary						20 basis points						
7-Year USD Deliverable Interest Rate Swap Futures	59	S1U	Primary	Primary						2.00 points						
10-Year U.S. Treasury Note Futures	26	TN	Primary	Primary						3.00 points						
10-Year USD Deliverable Interest Rate Swap Futures	53	N1U	Primary	Primary						3.00 points						
10-Year Eris Swap Futures	61	L1Y	Primary	Primary						3.00 points						
Ultra 10-Year Treasury Invoice Swaps	58	TNA-F	Primary	Primary						20 basis points						
12-Year Eris Swap Futures	61	L1I	Primary	Primary						3.00 points						
US Treasury Bond Futures	18	ZB	Primary	Primary						4.50 points						
15-Year Eris Swap Futures	61	L1L	Primary	Primary						4.50 points						
20-Year Eris Swap Futures	61	L1O	Primary	Primary						4.50 points						
Treasury Bond Invoice Swap	58	UTA-E	Primary	Primary						20 basis points						
20-Year USD Deliverable Interest Rate Swap Futures	59	E1U	Primary	Primary						4.50 points						
Long-Term US Treasury Bond Futures	40	UB	Primary	Primary						8.00 points						
30-Year USD Deliverable Interest Rate Swap Futures	54	B1U	Primary	Primary						8.00 points						
30-Year Eris Swap Futures	61	L1E	Primary	Primary						8.00 points						
Treasury Ultra Bond Invoice Swap Spread	58	UBA-F	Primary	Primary						20 basis points						