



Special Executive Report

DATE: April 22, 2022

SER#: 8978

SUBJECT: Amendments to Rule 25101.A. ("Contract Grade") of the 20-Year U.S. Treasury Bond Futures Contract Commencing with the September 2022 Contract Month and Beyond and the Temporary Suspension of the September 2022 and December 2022 Contract Months

Effective Sunday, May 8, 2022 for trade date Monday, May 9, 2022, and pending all relevant CFTC regulatory review periods, The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") shall amend Rule 25101.A. ("Contract Grade") of the 20-Year U.S. Treasury Bond Futures contract (Commodity Code TWE; Rulebook Chapter 25) (the "Contract") commencing with the September 2022 contract month and beyond.

Currently, there are three (3) listed contract months of the Contract: June 2022, September 2022, December 2022. Effective immediately, the Exchange will suspend trading and clearing of the September 2022 and December 2022 contract months of the Contract, and related spreads until trade date Monday, May 9, 2022, the effective date of this submission (collectively, the "Rule Amendments"). There is no open interest in the September 2022 and December 2022 contract months of the Contract.

The Rule Amendments shall limit the terms to maturity to include bonds with remaining terms to maturity of less than 19 years 11 months. The Rule Amendments are intended ensure an effective delivery basket for a variety of interest rate environments and bond issuance scenarios and allow all U.S. Treasury Bonds to be eligible for the delivery. Specifically, the Rule Amendments shall permit aging original issue 30-year U.S. Treasury bonds with remaining terms to maturity of at least 19 years 2 months and less than 19 years 11 months to be eligible for delivery.

Appendix A below provides amendments to Rule 25101.A. in blackline format effective on May 9, 2022. Appendix B below provides amendments to Rule 25101.A. in blackline format effective on July 1, 2022 (the day immediately following the last delivery day of the June 2022 contract month).

Inquiries regarding this matter may be directed to:

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Appendix A
CBOT Rulebook
Chapter 25
20-Year U.S. Treasury Bond Futures

(additions underscored)
[Effective May 9, 2022]

25101. CONTRACT SPECIFICATIONS

25101.A. Contract Grade

(ALL CONTRACT MONTHS UP TO AND INCLUDING THE JUNE 2022 CONTRACT MONTH)

The contract grade for delivery on futures made under these Rules shall be U.S. Treasury fixed-principal bonds which have fixed semi-annual coupon payments, and which have:

- (a) an original term to maturity (i.e., term to maturity at issue) of not more than 20 years; and
- (b) a remaining term to maturity of not less than 19 years 2 months.

For the purpose of determining a U.S. Treasury bond's eligibility for contract grade, its remaining term to maturity shall be calculated from the first day of the contract's named month of expiration. New issues of U.S. Treasury bonds that satisfy the standards in this Rule shall be added to the contract grade as they are issued.

Notwithstanding the foregoing, the Exchange shall have the right to exclude any new issue from the contract grade or to further limit outstanding issues from the contract grade.

25101.A. Contract Grade

(ALL CONTRACT MONTHS COMMENCING WITH THE SEPTEMBER 2022 CONTRACT MONTH AND BEYOND)

The contract grade for delivery on futures made under these Rules shall be U.S. Treasury fixed-principal bonds which have fixed semi-annual coupon payments, and which have: a remaining term to maturity of greater than or equal to 19 years 2 months; but less than 19 years 11 months.

For the purpose of determining a U.S. Treasury bond's eligibility for contract grade, its remaining term to maturity shall be calculated from the first day of the contract's named month of expiration. New issues of U.S. Treasury bonds that satisfy the standards in this Rule shall be added to the contract grade as they are issued.

Notwithstanding the foregoing, the Exchange shall have the right to exclude any new issue from the contract grade or to further limit outstanding issues from the contract grade.

[Remainder of Rule unchanged.]

Appendix B
CBOT Rulebook
Chapter 25
20-Year U.S. Treasury Bond Futures

(deletions ~~struck through~~)
[Effective July 1, 2022]

25101. CONTRACT SPECIFICATIONS

~~25101.A. Contract Grade~~

~~(ALL CONTRACT MONTHS UP TO AND INCLUDING THE JUNE 2022 CONTRACT MONTH)~~

~~The contract grade for delivery on futures made under these Rules shall be U.S. Treasury fixed-principal bonds which have fixed semi-annual coupon payments, and which have:~~

- ~~(c) an original term to maturity (i.e., term to maturity at issue) of not more than 20 years; and~~

~~(d) a remaining term to maturity of not less than 19 years 2 months.~~

~~For the purpose of determining a U.S. Treasury bond's eligibility for contract grade, its remaining term to maturity shall be calculated from the first day of the contract's named month of expiration. New issues of U.S. Treasury bonds that satisfy the standards in this Rule shall be added to the contract grade as they are issued.~~

~~Notwithstanding the foregoing, the Exchange shall have the right to exclude any new issue from the contract grade or to further limit outstanding issues from the contract grade.~~

25101.A. Contract Grade

~~(ALL CONTRACT MONTHS COMMENCING WITH THE SEPTEMBER 2022 CONTRACT MONTH AND BEYOND)~~

The contract grade for delivery on futures made under these Rules shall be U.S. Treasury fixed-principal bonds which have fixed semi-annual coupon payments, and which have: a remaining term to maturity of greater than or equal to 19 years 2 months; but less than 19 years 11 months.

For the purpose of determining a U.S. Treasury bond's eligibility for contract grade, its remaining term to maturity shall be calculated from the first day of the contract's named month of expiration. New issues of U.S. Treasury bonds that satisfy the standards in this Rule shall be added to the contract grade as they are issued.

Notwithstanding the foregoing, the Exchange shall have the right to exclude any new issue from the contract grade or to further limit outstanding issues from the contract grade.

[Remainder of Rule unchanged.]