



## Special Executive Report

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**DATE:** January 20, 2023

**SER#:** 9130

**SUBJECT:** Amendments to the 30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures Contracts (2.0%, 2.5%, 3.0%, 3.5%, 4.0%, 4.5%, 5.0% 5.5% and 6.0% Coupon Rates) – Commencing with the May 2023 Contract Month

Effective Sunday, February 5, 2023 for trade date Monday, February 6, 2023, and pending all relevant CFTC regulatory review periods, The Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”) will implement amendments to the 30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures contracts (2.0%, 2.5%, 3.0%, 3.5%, 4.0%, 4.5%, 5.0% 5.5% and 6.0% Coupon Rates) (the “Contracts”) commencing with the May 2023 contract month and beyond.

Contract Title	CME Globex and CME ClearPort Code	Rulebook Chapter
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures - 2.0% Coupon	20U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures - 2.5% Coupon	25U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures - 3.0% Coupon	30U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures - 3.5% Coupon	35U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures - 4.0% Coupon	40U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures - 4.5% Coupon	45U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures – 5.0% Coupon	50U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures - 5.5% Coupon	55U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures – 6.0% Coupon	60U	75

Specifically, CBOT will amend Rule 75101.A. (“Contract Grade”), Rule 75102. (“Trading Specifications”), and Rule 75104. (“Deliveries on Expiring Futures Contracts”) Requirements for Participation in Delivery”) to: (a) allow physical delivery for all positions, not just those in 10 contract increments,\* and (b) bring forward expiration (final settlement), and delivery notice timing by two (2) hours on the last trading day. In addition, the Exchange is implementing administrative amendments to the Position Limit, Position Accountability and Reportable Level Table located in Chapter 5 (“Trading Qualifications and Practices”) (the “Table”) (collectively, the “Rule Amendments”).\*\*

Currently, the delivery timetable begins at 2:00 p.m. Central Prevailing Time (“CPT”). The changes to the delivery process are intended to enhance efficiency based on our observations during the initial physical delivery period.

Allowing all positions to go to delivery will improve certainty for market participants that expect and intend to go into delivery. The Rule Amendments are intended to provide futures commission merchants (“FCMs”) and market participants greater visibility when seeking to take positions into delivery.

Moving the settlement and delivery notice forward two (2) hours will enable market participants additional time to establish positions during regular market hours going into delivery. The revised timetable on the last trading day shall be as follows:

- Trading will cease at 12:00 p.m. CPT
- FCMs must submit intentions for delivery to the CME Clearing House by 2:00 p.m. CPT
- The CME Clearing House will provide delivery notices to FCMs

\*Due to the nature of this market and notwithstanding the one (1) contract unit size, market participants are encouraged to use commercially reasonable efforts to maintain positions in increments of ten (10) contracts and to liquidate positions in an increment of less than ten (10) contract prior to expiration.

\*\*The Rule Amendments shall apply to all contract months and any additional coupon rates that have not yet been listed for trading and clearing.

Additional details regarding the Rule Amendments may be viewed in [CBOT Submission No. 23-050](#).

Inquiries regarding this matter may be directed to:

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