Chapter 460
Three-Month SOFR Futures

46000. SCOPE OF CHAPTER

This chapter is limited in application to Three-Month SOFR futures (“futures” or “contract”). In addition to this chapter, futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

Unless otherwise specified, times referenced herein shall indicate Chicago time.

46001. CONTRACT SPECIFICATIONS

Each contract is valued at $2,500 times the contract-grade IMM Index (Rule 46002.C.).

46002. TRADING SPECIFICATIONS

46002.A. Trading Schedule

Contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the Exchange.

46002.B. Trading Unit

For a contract for a given delivery month, the unit of trading shall be compounded daily Secured Overnight Financing Rate (“SOFR”) interest during the contract Reference Quarter (Rule 46003.A.1.), expressed as an interest rate per annum for which (i) such interest rate shall accrue on the basis of the actual number of days spanned by such contract Reference Quarter, divided by a 360-day year, and (ii) each basis point per annum of such interest rate shall be worth $25 per futures contract. The SOFR shall be as published by the Federal Reserve Bank of New York (“FRBNY”).

46002.C. Price Basis and Minimum Price Increments

For a contract for a given delivery month, prices shall be quoted and made in terms of the contract IMM Index (“Index”), 100.0000 minus compounded daily SOFR interest during the contract Reference Quarter, as specified in Rule 46002.B.

> *Example*: Where the value of such compounded daily SOFR is 2.055 percent per annum, it shall be quoted as an Index value of 97.9450.

The minimum price fluctuation shall be 0.005 Index points, equal to $12.50 per contract, *provided that* the minimum price fluctuation shall be 0.0025 Index points, equal to $6.25 per contract, for any contract with four months or less until its termination of trading (Rule 46002.G.), where the applicable four-month interval shall be defined so as to begin on, and to include, either (i) the Monday before the third Wednesday of the fourth month preceding the month in which trading in such contract terminates, if such Monday is a Business Day, or (ii) the Business Day next following such Monday, if such Monday is not a Business Day.

46002.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

46002.E. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

46002.F. [Reserved]

46002.G. Termination of Trading

Trading in an expiring contract shall terminate at the close of trading on the Business Day immediately preceding the third Wednesday of the contract delivery month.

46002.H. [Reserved]

46003. SETTLEMENT PROCEDURES

Delivery shall be by cash settlement.

46003.A. Final Settlement Price

1. Definition of Reference Quarter

For a contract for a given delivery month, the Reference Quarter shall be the interval that ends on (and does not include) the third Wednesday of the contract delivery month, and that begins on (and includes) the third Wednesday of the third calendar month preceding the contract delivery month.

> *Example*: For a hypothetical contract for which the delivery month is March 2022, the contract Reference Quarter shall start on (and shall include) the third Wednesday of December 2021 (December 15, 2021) and shall end on (and shall not include) the third Wednesday of March 2022 (March 16, 2022).

2. Definition of Final Settlement Price

For a contract for a given delivery month, the Final Settlement Price shall be 100 minus compounded daily SOFR during the contract Reference Quarter ("R"), as follows:

Final Settlement Price = 100 minus R

where

R = $[\ \Pi_{i=1\ldots n}\{1+(d_i/360)*(r_i/100)\} - 1\ ]\ x\ (360/D)\ x\ 100$

n = the number of US government securities market business days ("cash business days") during such Reference Quarter.

i is the running variable that indexes each cash business day in such Reference Quarter, such that i takes the values $i = 1,2,\ldots,(n-1),n$.

$\Pi_{i=1\ldots n}$ denotes the product of the values indexed by the running variable, $i = 1,2,\ldots,n$.

r_i = the SOFR value corresponding to cash business day i, expressed as an interest rate per annum.

Example: If SOFR for cash business day i is two and one quarter percent, then r_i = 2.25.

d_i = the number of calendar days to which r_i applies. For any calendar day that is not a cash business day (*eg*, weekend days, US government securities market holidays), the applicable value shall be SOFR for the immediately preceding cash business day.

Examples: If the i^{th} day is a Monday, a Tuesday, a Wednesday, or a Thursday, and if the next following calendar day is a cash business day, then $d_i = 1$. If the i^{th} day is a Friday, and if the next following Monday is a cash business day, then $d_i = 3$.

D = the number of calendar days in the Reference Quarter: $D = \Sigma_{i=1\ldots n}\, d_i$.

For the purposes of this Rule, "US government securities market business days" shall mean all weekdays excluding any dates identified by the Securities Industry and Financial Markets Association in its U.S. Holiday Recommendations.

3. Computational Conventions

The final settlement price for an expiring contract shall be calculated by the Exchange on the day on which the FRBNY publishes the SOFR value for the last day of such contract's Reference Quarter (Rule 46003.A.1.). Customarily, though not always, such publication will occur on the third Wednesday of such contract's delivery month.

The SOFR value for the last day of such expiring contract's Reference Quarter shall be as first published by the FRBNY.

The value of *R* determined pursuant to Rule 46003.A.2. shall be rounded to the nearest 1/10,000th of one percent per annum, *ie*, the nearest 1/100th of one interest rate basis point per annum, or 0.0001 Index points. A tie value, *ie*, any such value ending in ending in 0.00005, shall be rounded up.

> *Example*: A value of 3.14155 percent per annum would be rounded up to 3.1416 percent per annum, and then subtracted from 100.000 to determine a contract final settlement price of 96.8584 Index points.

46003.B. Final Settlement

Clearing members holding open positions in a contract at the time of termination of trading in such contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

46004.-35. [RESERVED]

(End Chapter 460)