

20-Year U.S. Treasury Bond futures

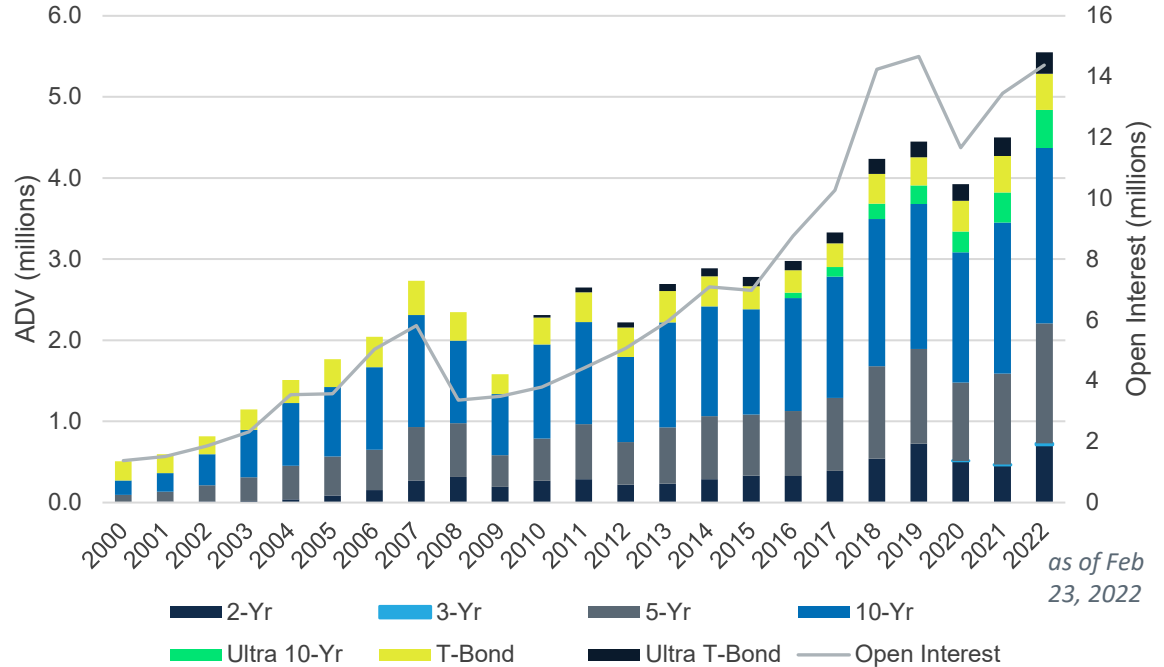
Launched March 7, 2022

Demand for Treasury futures has never been greater...

Treasury futures hallmarks

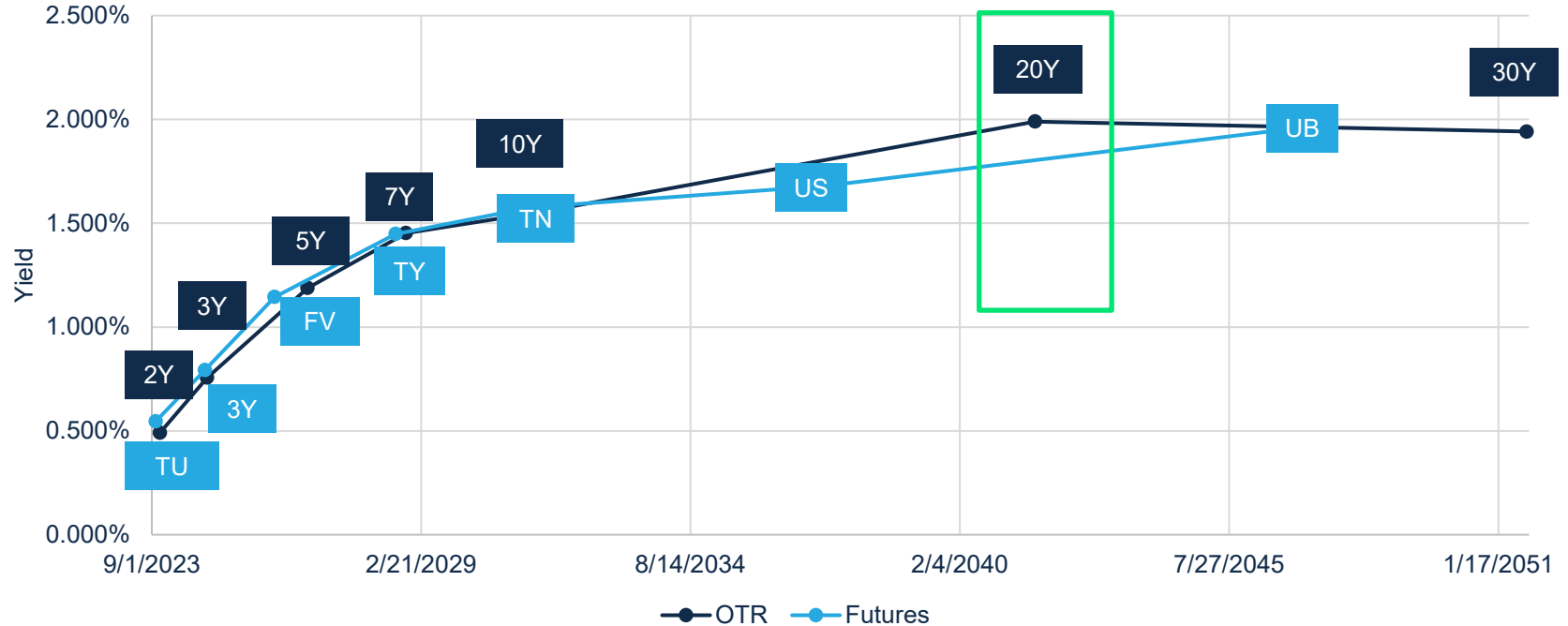
- Deep and resilient liquidity
- Flexible execution (CLOB, blocks, EFR, EFP, TAS)
- Transparency
- Off-balance sheet exposure
- Concentration of positions in a single line item
- Initial margins that reflect one-day period of risk

U.S. Treasury futures volume and open interest



...especially at the long-end of the curve where the reintroduction of the 20Y bond has created a need for an additional hedging instrument

U.S. Treasury OTR versus Futures CTD Curves



Source: CME Group, data from 29 October 2021

Enter 20-Year U.S. Treasury Bond futures...

Contract design

- Product code: TWE
- Size: \$100,000
- MPI: 1/32 of one point (0.03125) = \$31.25
- Initial listings: Jun-22, Sep-22, Dec-22
- Block minimum: 1,000 RTH; 500 ETH; 250 ATH
- Deliverable grade: Original issue 20s and 30s, 19 years 2 months – 19 years 11 months.

Value prop

- Greater efficiency and precision in managing 20-year bond exposures
- Enhanced curve trading via a full suite of inter-commodity spreads vs. established tenors
- Improved 20Y futures-cash basis trading
- Hedge neighboring swap exposures at the 20-year term to maturity
- Automatic margin offsets vs. existing interest rate products, and targeted for portfolio margining with CME-cleared IRS in H2 2022

A focused deliverable basket creates a close proxy for 20-year cash bonds

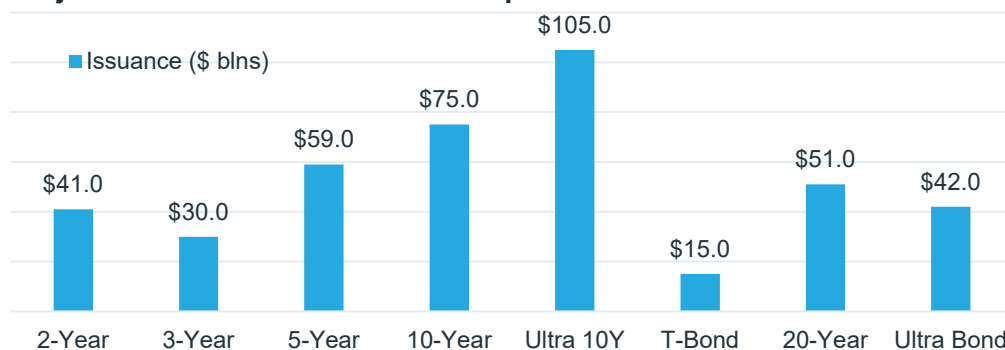
- The 20-Year contract will physically deliver an original issue 20-year or 30-year bond with no less than 19 years and 2 months remaining term to maturity and no more than 19 years and 11 months remaining term to maturity from the first day of the futures delivery month.
- The basket will have six securities, including three recently auctioned 20-year bonds and three aging 30-year bonds.
- A hypothetical delivery basket for the September 2022 contract is provided to the right. In this instance, the CTD is the oldest aging 30-year bond in the basket.

Sep 2022 contract hypothetical delivery basket

COUPON	ISSUE DATE	MATURITY DATE	CUSIP	ISSUANCE (BILLIONS)	CONVERSION FACTOR	DURATION*
3 1/8	11/15/2011	11/15/2041	912810QT8	\$42.0	0.6767	14.5628
2	11/30/2021	11/15/2041	912810TC2	\$63.0	0.5502	15.71232
3 1/8	2/15/2012	2/15/2042	912810QU5	\$42.0	0.6743	14.81544
2 3/8	02/28/22	02/15/42	912810TF5	\$51.0	0.5894	15.53699
3	5/15/2012	5/15/2042	912810QW1	\$42.0	0.6579	14.9416
n/a	5/31/2022	5/15/2042	TBD 20Y bond**	n/a	n/a	n/a

*as of April 28, 2022; **will be auctioned May 18, 2022

Projected Size of CTD Issues for Sep 2022 Contracts

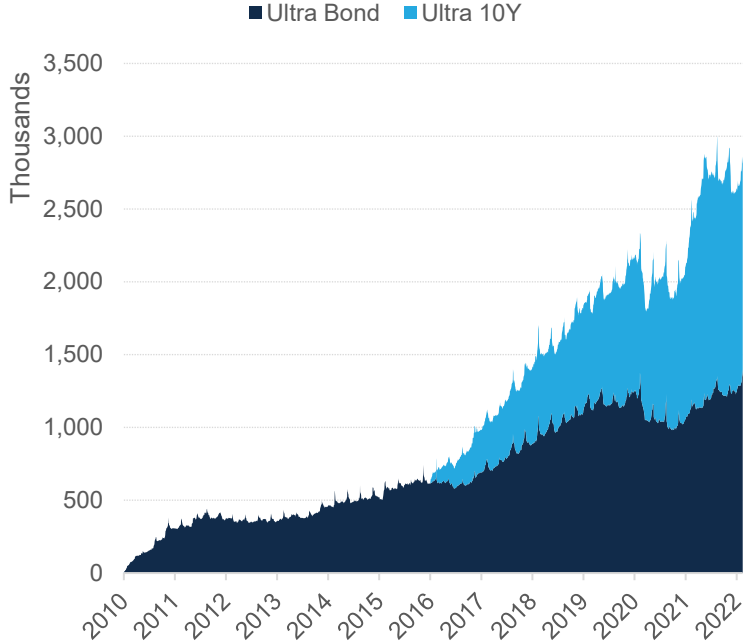


How the 20-Year fits within the Treasury futures curve

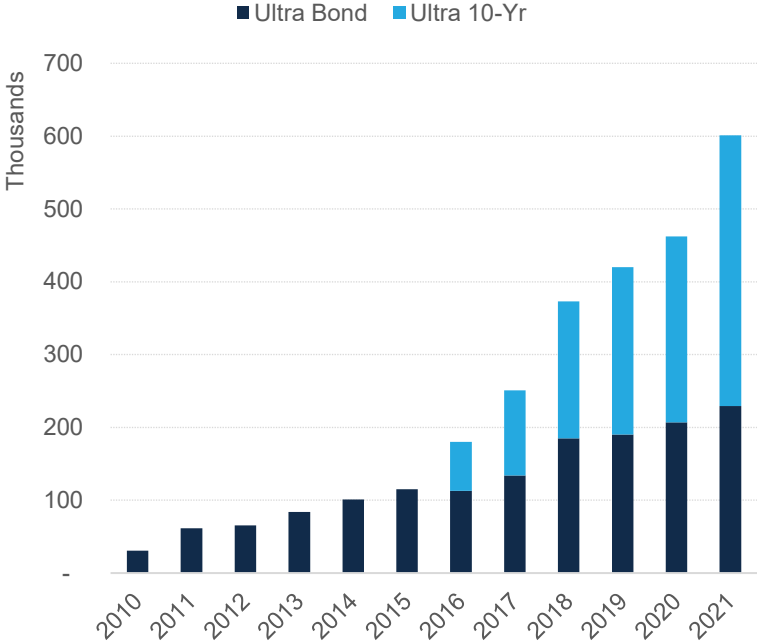
	2-Year	3-Year	5-Year	10-Year	Ultra 10-Year	Classic T-Bond	20-Year T-Bond	Ultra T-Bond
Contract Size	\$200,000	\$200,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Original Maturity (maximum)	5-1/4 years	7 years	5-1/4 years	10 years	10 years	25 years	19 years, 11 months	
Remaining Term to Maturity (minimum)	1 year, 9 months	2 years, 9 months	4 years, 2 months	6 years, 6 months	9 years, 5 months	15 years	19 years, 2 months	25 yrs
Minimum Price Increment	1/8 th of 1/32 nd (\$7.8125)	1/8 th of 1/32 nd (\$7.8125)	1/4 th of 1/32 nd (\$7.8125)	1/2 of 1/32 nd (\$15.625)	1/2 of 1/32 nd (\$15.625)	1/32 nd (\$31.25)	1/32 nd (\$31.25)	1/32 nd (\$31.25)
Matching Algo (outright)	60% Pro-Rata 40% FIFO	100% FIFO	100% FIFO	100% FIFO	100% FIFO	100% FIFO	100% FIFO	100% FIFO
CME Globex	ZT	Z3N	ZF	ZN	TN	ZB	TWE	UL
Bloomberg	TU	3Y	FV	TY	UXY	US	TWE	WN

Investors have shown a strong appetite for additional tenor points as evidenced by the success of the Ultra Bond and Ultra 10-Year futures

Open Interest



ADV



Contract Specifications

20-Year U.S. Treasury Bond futures	
Codes	Globex: TWE, Clearing: TWE, Bloomberg: TWE
Delivery Dates	Nearest three months in the March-June-September-December quarterly cycle
Deliverable Grade	Original issue 20-year and 30-Year Treasury bonds with not less than 19 years 2 months and not more than 19 years 11 months of remaining term to maturity from first day of futures delivery month.
Price Basis	Points and fractions of points, with par on the basis of 100 points
Contract Size	\$1,000 per point (\$100,000 per contract)
Minimum Price Increment	Outrights: 1/32 of one point (0.03125) = \$31.25 Calendar spreads: 1/4 of 1/32 of one point (0.0078125) = \$7.8125
Last Trading Day	Trading terminates at 12:01 p.m. CT, 7 business days prior to the last business day of the contract month.
Last Delivery Day	Last business day of the delivery month.
Delivery Method	Federal Reserve book-entry wire-transfer system
Trading Hours	5:00 p.m. – 4:00 p.m., CT, Sunday – Friday
Matching Algorithms	FIFO (F)
Block Thresholds	RTH: 2000 contracts, ETH: 1000 contracts, ATH: 500 contracts

Vendor Codes

PRODUCT	CME GLOBEX	BLUE TRADING, BROADWAY, FIDESSA, FIS GLOBAL, ION, ITIVITI, VELA	BLOOMBERG	CQG	DTN	TT	REFINITIV
20-Year T-Bond Futures	TWE	TWE	TWEA <Comdty>	TWE	@TWE	TWE	ZP
2Y vs. 20Y (1:1 ICS)	TTW	TTW		TTW	@TTW		1TTW-1TTW
2Y vs. 20Y (7:1 ICS)	TWW	TWW		TWW	@TWW		1TWW-1TWW
3Y vs. 20Y (1:1 ICS)	TRW	TRW		TRW	@TRW		1TRW-1TRW
3Y vs. 20Y (4:1 ICS)	THW	THW		THW	@THW		1THW-1THW
5Y vs. 20Y (1:1 ICS)	FTW	FTW		FTW	@FTW		1FTW-1FTW
5Y vs. 20Y (5:1 ICS)	FYW	FYW		FYW	@FYW		1FYW-1FYW
10Y vs. 20Y (1:1 ICS)	TYW	TYW		TYW	@TYW		1TYW-1TYW
10Y vs. 20Y (3:1 ICS)	TOW	TOW		TOW	@TOW		1TOW-1TOW
Ultra 10Y vs. 20Y (1:1 ICS)	NYW	NYW		NYW	@NYW		1NYW-1NYW
Ultra 10Y vs. 20Y (2:1 ICS)	NTW	NTW		NTW	@NTW		1WTN-1WTN
T-Bond vs. 20Y (1:1 ICS)	ZBW	ZBW		ZBW	@ZBW		1ZBW-1ZBW
T-Bond vs. 20Y (4:3 ICS)	ZTW	ZTW		ZTW	@ZTW		1ZTW-1ZTW
20Y vs. Ultra Bond (1:1 ICS)	TWU	TWU		TWU	@TWU		1TWU-1TWU
20Y vs. Ultra Bond (3:2 ICS)	TWB	TWB		TWL	@TWB		1TWB-1TWB

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