

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

DATE: March 30, 2023

ADVISORY #: 23-107

SUBJECT: Product Modification Summary for Clearing Firms, Bookkeeping Software Providers, ISVs

Effective Sunday, April 16, 2023, for trade date Monday, April 17, and pending all relevant CFTC regulatory review periods, please be advised that the Board of Trade of the City of Chicago, Inc. (CBOT or Exchange) will implement amendments to Rule 75104.C. (“Clearing Member Reporting Obligations Prior to Delivery”) and Rule 75104.D. (“Notification of DTCC FICC MBS D Clearing Members in Delivery”) of 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%, 6.0%, and 6.5% Coupon Rates) noted in Table 1. below (the “Contracts”).

Specifically, CBOT will amend Rule 75104.D. (“Notification of DTCC FICC MBS D Clearing Members in Delivery”) to delete language specifying that the CME Clearing House will allocate Notices of Intentions to Clearing Members with open positions on a pro rata basis.

**Table 1.**

<b>Contract Title</b>	<b>CME Globex and CME ClearPort Code</b>	<b>Rulebook Chapter</b>
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-	35U	75

Announced (TBA) Futures - 3.5% Coupon		
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
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be- Announced (TBA) Futures – 6.5% Coupon	65U	75

By way of background, CBOT recently implemented several amendments to the Contracts commencing with the May 2023 contract month and beyond (see [SER 9130](#) dated January 20, 2023). At that time, the Exchange (among other things) commenced permitting physical delivery for all positions, not just those in ten (10) contract increments. The amendments to Rule 75104.D. are designed to streamline the delivery process in light of this recent change. The elimination of the delivery method with the potential for cash-settlement and ten (10) contract restriction prompted a review of counterparty assignments in general. The Exchange determined that assignments on a pro rata basis were no longer necessary or optimal. All other requirements of the CME Clearing House to provide delivery notices to futures commission merchants (“FCMs”) shall remain unchanged. This change will not impact the economic value of the Contracts.

Additionally at this time, CBOT will amend Rule 75104.C. (“Clearing Member Reporting Obligations Prior to Delivery”) to add language clarifying that Clearing Members are required to report to the Clearing House an accurate inventory of accounts long or short interest in an expiring futures contract each of the three (3) trading days preceding but not including the Last Trading Day (collectively, the “Rule Amendments”).

<b>Information Contacts</b>		
<b>General Information</b>	Products & Services	(312) 930-1000
<b>Operations Information</b>	Clearing House	(312) 207-2525
<b>Globex Information</b>	Global Command Center	(800) 438-8616

<b>Performance Bond Information</b>	Risk Management Dept.	(312) 648-3888
<b>Position Limits</b>	Market Regulation	(312) 341-7970
<b>Clearing Fees</b>	Clearing Fee Hotline	(312) 648-5470

Regards,  
CME Clearing