



## Special Executive Report

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**DATE:** September 29, 2021

**SER#:** 8867

**SUBJECT:** Modification of Residual Allocation Step in All Treasury Futures Calendar Spreads and Certain Butterfly Spreads CME Globex Matching Algorithms

Effective Sunday, November 7, 2021, for trade date Monday, November 8, 2021, The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") will modify the residual allocation step in the CME Globex electronic trading ("CME Globex") matching algorithms of all Treasury futures calendar spreads and the two short-term note (2-Year and 3-Year) butterfly spreads with a pro-rata allocation. The impacted outright futures contracts are provided in Exhibit 1 below.

Exhibit 1

Contract Title	Commodity Code	Rulebook Chapter
Short-Term U.S. Treasury Note Futures (2-Year) ("2-Year U.S. Treasury Note Futures")	ZT/26	21
3-Year U.S. Treasury Note Futures ("3-Year U.S. Treasury Note Futures")	Z3N/3YR	39
Medium-Term U.S. Treasury Note Futures (5-Year) ("5-Year U.S. Treasury Note Futures")	ZF/25	20
Long-Term U.S. Treasury Note Futures (6½ to 10-Year) ("10-Year U.S. Treasury Note Futures")	ZN/21	19
10-Year U.S. Treasury Note Futures ("Ultra 10-Year U.S. Treasury Note Futures")	TN	26
U.S. Treasury Bond Futures ("U.S. Treasury Bond Futures")	ZB/17	18
Long-Term U.S. Treasury Bond Futures ("Ultra T-Bonds")	UB/UBE	40

The "K" algorithm is utilized for each of the Treasury futures calendar and butterfly spreads. The Exchange will amend the residual allocation of pro-rata from "Leveling" to "FIFO."

Exhibit 2 – Treasury Futures Calendar Spread Algorithms

Product	Globex Symbol	Algorithm	Pro-Rata Allocation	Residual Allocation - Pro Rata Leveling/FIFO	
				Current	Amended

2-Year U.S. Treasury Note Futures	ZT-ZT	K	80%	Leveling	FIFO
3-Year U.S. Treasury Note Futures	Z3N-Z3N	K	80%	Leveling	FIFO
5-Year U.S. Treasury Note Futures	ZF-ZF	K	80%	Leveling	FIFO
10-Year U.S. Treasury Note Futures	ZN-ZN	K	80%	Leveling	FIFO
Ultra 10-Year U.S. Treasury Note Futures	TN-TN	K	80%	Leveling	FIFO
U.S. Treasury Bond Futures	ZB-ZB	K	100%	Leveling	FIFO
Ultra T-Bond Futures	UB-UB	K	100%	Leveling	FIFO

The 2-Year and 3-Year butterfly spreads use the “K” algorithm with a portion of its allocation being pro-rata. The Exchange will amend the residual allocation of pro-rata from “Leveling” to “FIFO.” Please note, the balance of the Treasury futures butterfly spreads shall remain unchanged.

#### Exhibit 3 – Treasury Futures Butterfly Spread Algorithms

Product	Globex Symbol	Algorithm	Pro-Rata Allocation	Residual Allocation - Pro Rata Leveling/FIFO	
				Current	Amended
2-Year U.S. Treasury Note Futures	ZT:BF	K	60%	Leveling	FIFO
3-Year U.S. Treasury Note Futures	Z3N:BF	K	60%	Leveling	FIFO

Additional information regarding the CME Globex Matching Algorithms may be viewed [HERE](#).

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