



## Special Executive Report

**DATE:** October 5, 2021

**SER#:** 8866

**SUBJECT:** CBOT Treasury Futures and Options Behavior Relative to the Debt Ceiling

A debt ceiling or potential lack of an increase in the U.S. statutory debt limit may cause the U.S. Department of the Treasury to delay timely payments of interest or principal on Treasury bills, notes or bonds. Should this result in a technical default on U.S. government debt, The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") Treasury futures and options complex, and the cash settled Micro Treasury Yield futures contracts noted in the table below (collectively, the "Contracts"), will remain operationally intact and fully functional.

Contract Title / Contract Specifications	Rulebook Chapter	Clearing Code	CME Globex Code
Short-Term U.S. Treasury Note Futures (2-Year) / <a href="#">2-Year T-Note Futures</a>	<a href="#">CBOT 21</a>	26	ZT
Standard Options on Short-Term U.S. Treasury Note Futures / <a href="#">2-Year T-Note Options</a>	<a href="#">CBOT 21A</a>	26	OZT
3-Year Treasury Note Futures / <a href="#">3-Year T-Note Futures</a>	<a href="#">CBOT 39</a>	3YR	Z3N
Medium-Term U.S. Treasury Note Futures (5-Year) / <a href="#">5-Year T-Note Futures</a>	<a href="#">CBOT 20</a>	25	ZF
Standard Options on Medium-Term Treasury Note Futures / <a href="#">5-Year T-Note Options</a>	<a href="#">CBOT 20A</a>	25	OZF
Long-term U.S. Treasury Note Futures (6 ½ to 10-Year) / <a href="#">10-Year T-Note Futures</a>	<a href="#">CBOT 19</a>	21	ZN
Standard Options on Long-Term U.S. Treasury Note Futures / <a href="#">10-Year T-Note Options</a>	<a href="#">CBOT 19A</a>	21	OZN
10-Year U.S. Treasury Note Futures / <a href="#">Ultra 10-Year U.S. Treasury Note Futures</a>	<a href="#">CBOT 26</a>	TN	TN
Standard Options on 10-Year Treasury Note Futures / <a href="#">Ultra 10-Year U.S. Treasury Note Options</a>	<a href="#">CBOT 26A</a>	TN	OTN
U.S. Treasury Bond Futures / <a href="#">U.S. Treasury Bond Futures</a>	<a href="#">CBOT 18</a>	17	ZB
Standard Options on U.S. Treasury Bond Futures / <a href="#">U.S. Treasury Bond Options</a>	<a href="#">CBOT 18A</a>	17	OZB
Long-Term U.S. Treasury Bond Futures / <a href="#">Ultra U.S. Treasury Bond Futures</a>	<a href="#">CBOT 40</a>	UBE	UB
Standard Options on Long-Term U.S. Treasury Bond Futures / <a href="#">Ultra U.S. Treasury Bond Options</a>	<a href="#">CBOT 40A</a>	UBE	OUN
Micro 2-Year Yield Futures / <a href="#">Micro 2-Year Yield Futures</a>	<a href="#">CBOT 80</a>	2YY	2YY
Micro 5-Year Yield Futures / <a href="#">Micro 5-Year Yield Futures</a>	<a href="#">CBOT 81</a>	5YY	5YY
Micro 10-Year Yield Futures / <a href="#">Micro 10-Year Yield Futures</a>	<a href="#">CBOT 82</a>	10Y	10Y
Micro 30-Year Yield Futures / <a href="#">Micro 30-Year Yield Futures</a>	<a href="#">CBOT 83</a>	30Y	30Y

At expiration, Treasury futures call for physical delivery of reference deliverable-grade Treasury securities, as defined in the CBOT rules. Importantly, the rules governing physical delivery into expiring Treasury futures will continue to apply, regardless of whether interest payments on deliverable-grade Treasury securities are delayed or impaired.

Moreover, the operational aspects of the physical delivery mechanism should continue to work normally, as none is subject to, or reliant upon, legislative debate regarding the debt ceiling. CME Group's Treasury Futures Delivery Process document may be viewed [HERE](#).

The recently listed Micro Treasury Yield futures are cash settled based on BrokerTec US Treasury Benchmarks. Overseen by CME Group Benchmark Administration Limited (CBA), the Benchmarks are calculated from On-the-Run cash Treasury trading on the central limit order book.

Similar to the deliverable Treasury futures, the Micro Yield contracts will continue to trade normally regardless of debt ceiling outcome. Neither the futures nor the underlying Benchmarks are reliant upon a particular legislative outcome, and the Benchmarks will remain subject to robust oversight to ensure representativeness of the market.

Please refer questions about this notice to:

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