



## Special Executive Report

**DATE:** March 30, 2023  
**SER#:** 9175  
**SUBJECT:** Amendments to Rule 75104.C. (“Clearing Member Reporting Obligations Prior to Delivery”) and Rule 75104.D. (“Notification of DTCC FICC MBSD 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)

Effective Thursday, April 13, 2023, and pending all Commodity Futures Trading Commission (“CFTC” or “Commission”) regulatory review periods, 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 MBSD 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 MBSD 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.**

| Contract Title  | CME Globex<br>and<br>CME ClearPort<br>Code | Rulebook Chapter |
|---|--|------------------|
| 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-Announced (TBA) Futures - 3.5% Coupon | 35U  | 75               |
| 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”).

Exhibit A below provides the Rule Amendments in blackline format.

Inquiries regarding the aforementioned may be directed to:

|                    |  |                |
|--------------------|--|----------------|
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**Exhibit A**  
**CBOT Rulebook**

(additions underscored; deletions [struck-through])

**Chapter 75**  
**30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced  
(TBA) Futures**

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**75104. DELIVERIES ON EXPIRING FUTURES CONTRACTS**

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**75104.C. Clearing Member Reporting Obligations Prior to Delivery**

Each Clearing Member that carries accounts holding long or short interest in an expiring futures contract shall report to the Clearing House, on each of the last three (3) days of trading prior to the Last Trading Day in such expiring futures, an accurate inventory of such long and short interest, in such manner and at such times as the Clearing House may prescribe, provided that such inventory must include, for each account holding long or short interest:

1. declaration of the number of expiring futures contracts held long, and the number of expiring futures contracts held short, in such account;
2. confirmation whether such account meets the requirements set forth in CBOT Rule 75104.A.

**75104.D. Notification of DTCC FICC MBSD Clearing Members in Delivery**

**Intention Day**

Not later than 2:00 p.m. on the last day of trading, long and short Clearing Members must submit to the Clearing House intentions for delivery on a form prescribed by the Clearing House. The notice of intention for delivery shall include quantity and EPN Pool ID and any other information as may be required by the Exchange.

The Clearing House shall allocate Notices of Intention to Clearing Members ~~[on a pro-rata basis]~~ with open long futures positions as TBA Buyer, and open short positions as TBA Seller.

The Clearing House shall provide delivery notices to Clearing Members after 3:00 p.m. on the last trading day in an expiring futures contract (CBOT Rule 75102.F.), the Clearing House shall notify each MBSD clearing member carrying one or more MBSD Accounts that are required to make or accept delivery in fulfillment of such expiring futures, as designated pursuant to CBOT Rule 75104.C. For each such MBSD clearing member, such Clearing House notification shall include:

1. identification of MBSD Accounts, carried by such MBSD clearing member, that are required to accept delivery on long futures positions; the size of each such long futures position; and the identity of the MBSD clearing member(s) carrying the account(s) in which each such long futures position is held; and /or
2. identification of MBSD Accounts, carried by such MBSD clearing member, that are required to make delivery on short futures positions; the size of each such short futures position; and the identity of the MBSD clearing member(s) carrying the account(s) in which each such short futures position is held.

[Remainder of Rule unchanged.]