



Special Executive Report

DATE: June 10, 2024

SER#: 9390

SUBJECT: Amendments to 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) Commencing with the September 2024 Contract Month and Temporary Suspension of Trading and Clearing of the September 2024 Contract Month

Effective June 25, 2024, 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”) certifies to the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to 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) (the “Contracts”) and commencing with the September 2024 contract month and beyond.

Contract Title	CME Globex and CME ClearPort 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

Specifically, commencing with the September 2024 contract month and beyond, CBOT will amend Rule 75104.D. such that Clearing Members will be required to submit intentions to deliver no later than 3:00 p.m. Central Prevailing Time (“CPT”). Currently, Rule 75104.D. provides a deadline of 2:00 p.m. CPT. As a result, on the last trading day of the expiring contract, the CME Clearing House will report delivery notices to Clearing Members after 4:00 p.m. CPT, rather than 3:00 p.m. CPT. In addition, the Exchange will temporarily suspend trading and clearing of the Contracts commencing with the September 2024 contract month and beyond until June 25, 2024, the effective date of this submission (collectively, the “Rule Amendments”). There is no open interest in the impacted contract months.

By way of background, the Exchange implemented various amendments to the Contracts commencing with the May 2023 contract month and beyond including moving the settlement and delivery notice forward two (2) hours and enable market participants additional time to establish positions going into delivery. Please refer to [CBOT Submission No. 23-050](#) dated January 20, 2023.

CBOT has subsequently gathered data which indicates that the additional time is not needed for Clearing Members. Rather the amendments implemented in 2023 led to discrepancies in connection with cash flows between the Contracts and the related over-the-counter market.

The Rule Amendments are intended to revert to the original timeframe as proposed at the launch of the Contracts. Given the liquidity level, the original timeframe which provides ample time for determining the final settlement prices on the Contracts’ last trading day. Pursuant to the Rule Amendments, the revised timetable on the last trading day shall be as follows:

- Trading will cease at 2:00 p.m. CPT
- FCMs must submit intentions for delivery to the CME Clearing House by 3:00 p.m. CPT
- The CME Clearing House will provide delivery notices to FCMs

Appendix A below provides amendments to Rule 75104.D. in blackline format effective on trade date June 25, 2024, the date this submission shall become effective. Appendix B below provides amendments to Rule 75104.D. in blackline format effective on trade date August 8, 2024, the date September 2024 will become the front contract month.

Inquiries regarding the aforementioned may be directed to:

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Appendix A
CBOT Rulebook
[Effective June 25, 2024]

(additions underscored; deletions ~~struck through~~)

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

75104. DELIVERIES ON EXPIRING FUTURES CONTRACTS

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

(ALL CONTRACT MONTHS UP TO AND INCLUDING THE AUGUST 2024 CONTRACT MONTH)

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.

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

(COMMENCING WITH THE SEPTEMBER 2024 CONTRACT MONTH AND BEYOND)

Intention Day

Not later than ~~2:00~~ 3:00 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~~ 4:00 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:

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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.

[End of Rule.]

Appendix B

CBOT Rulebook

[Effective August 8, 2024]

(additions underscored; deletions struck through)

Chapter 75

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

75104. DELIVERIES ON EXPIRING FUTURES CONTRACTS

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

(ALL CONTRACT MONTHS UP TO AND INCLUDING THE AUGUST 2024 CONTRACT MONTH)

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

(COMMENCING WITH THE SEPTEMBER 2024 CONTRACT MONTH AND BEYOND)

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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 4:00 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:

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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.

[End of Rule.]