



Special Executive Report

DATE: July 11, 2024

SER#: 9399R

SUBJECT: Conversion of the Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) Futures Contract to the Three-Month SOFR Futures Contract and the Subsequent Delisting of the Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) Futures Contract

(SER 9399R supersedes SER 9399 dated July 10, 2024, and is being issued to correct typographical errors in the description of the spread calculation methodology. The Three-Month Bloomberg Short-Term Bank Yield (BSBY) Index rate utilized in the spread calculation rate is **not** compounded. In addition, the Secured Overnight Financing Rate (SOFR) is **compounded over a three month period** as noted in blackline format below. No other changes have been made to the original SER).

Effective close of trading on October 11, 2024, subject to all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") will facilitate the mandatory conversion of all open positions in the Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) Futures contract (CME Chapter [454](#); Commodity Code: BSB) into notionally equivalent positions in the Three-Month SOFR Futures contract (CME Rulebook Chapter: [460](#); Commodity Code: SR3) (the "Conversion Process").

At the time of conversion, all open interest holders of the Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) Futures contract will receive a corresponding Three-Month SOFR Futures contract at an assignment price based on the settlement price of the Three-Month Bloomberg Short-Term Bank Yield Index ("BSBY") Futures contract as of Friday, October 11, 2024, plus a fixed spread of 12.878 basis points. The final assignment price will then be rounded to the nearest 0.0001. The spread of 12.878 represents the five-year median difference between the ~~compounded~~ Three-Month Bloomberg Short-Term Bank Yield Index ("BSBY") rate and the Three-Month **compounded** SOFR rate, which was determined by CME using a methodology that is consistent with the ISDA fallback methodology used for industry IBOR/RFR conversions¹ and utilized by CME for its recent conversion process for CME cleared OTC BSBY swaps.²

In addition to being assigned a corresponding Three-Month SOFR Futures contract according to this methodology, each open interest holder will also be debited or credited a cash adjustment to compensate for the rounding of onset Three-Month SOFR Futures prices to the nearest 0.0001.

¹ Reference "[ISDA Guidance Interaction between RFR publications, IBOR Fallback publications and the ISDA Definitions](#)" published September 8, 2022.

² Further details on the determination of the fixed spread by CME are available in CME Submission [24-276](#) relating to CME cleared OTC BSBY swaps. CME has permission from ISDA and Bloomberg Index Services Limited (BISL) to utilize the relevant methodology for the purposes of the conversion of CME contracts. BISL and ISDA, as applicable, are the owners of the intellectual property rights with respect to the ISDA fallback methodology and the BISL IBOR Fallback Rate Adjustments Rule Book. CME is solely responsible for the determination and application of the relevant CME methodology and the calculation and publication of the fixed spread, and for use in any conversion process implemented by CME. Neither ISDA nor BISL endorses the CME calculated fixed spread or CME's proposed methodology and neither ISDA nor BISL has any responsibility or liability for CME's utilization of the methodology, calculation or publication of the fixed spread or use of the spreads in any fallback or conversion process conducted by CME, or use of the spread by any other person. CME reserves the right to adjust the methodology or recalculate the spread contained in this document at any time without prior notice and such spread value should not be used by any other person as a reference rate within a financial instrument or financial contract.

In an effort to further facilitate the Conversion Process, it should be noted that effective July 8, 2024, CME has implemented the "BSBY Futures Conversion Incentive Program" which may be viewed [HERE](#).

Additional details on the Conversion Process of the Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) Futures contract can be found on the CME Group website: ["BSBY Futures Fallbacks Implementation."](#)

| Contract Title | CME Rulebook Chapter | CME Globex and CME ClearPort Code | Date Conversion Process Begins | Corresponding Position | Corresponding Position Assignment Price Calculation |
|--|----------------------|-----------------------------------|--|--------------------------|---|
| Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) Futures | 454 | BSB | Close of trading on Friday, October 11, 2024 | Three-Month SOFR Futures | Three-Month BSBY Futures settlement price as of Friday, October 11, 2024 + 12.878 basis points, rounded to the nearest 0.0001 |

At the completion of the Conversion Process there will be zero (0) open interest in the Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) Futures contract and it will be permanently delisted immediately.

Subject to CFTC regulatory review, CME is implementing these amendments as a result of the upcoming cessation of the Bloomberg Short-Term Bank Yield Index (BSBY).³

Please refer questions on this subject to:

Mark Rogerson
Chris Farran

Mark.Rogerson@cmegroup.com
Chris.Farran@cmegroup.com

+44 20 3379 3795
(312) 580 5989

³ On November 15, 2023 BISL, the administrator of BSBY, [announced](#) that the cessation of the BSBY index will occur on November 15, 2024. BISL has determined not to recommend a fallback replacement rate for BSBY.