

## MARKET REGULATION ADVISORY NOTICE

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Exchange	CBOT
Subject	Delivery Responsibilities in Treasury Futures Markets
Rule References	CBOT Rule 702
Advisory Date	November 18, 2008
Advisory Number	CBOT RA0817-1

### **Delivery Responsibilities in Treasury Futures Markets**

CBOT Rule 702 ("Clearing Member Duties to the Clearing House") states, in part, "A clearing member carrying an account that is required to make or accept delivery agrees to guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the rules."

Given recent conditions in the Treasury securities and financing markets, Clearing Members are reminded to exercise appropriate diligence with respect to ensuring that they are prepared to meet their delivery obligations in December 2008 Treasury futures contracts in a manner consistent with the requirements and schedules established in the rules. Clearing Members should maintain appropriate communication with their customers who hold positions in the expiring futures contracts to ensure a clear understanding of the delivery requirements and to facilitate an orderly expiration.

Failure by a Clearing Member to perform its delivery obligations as outlined in this Advisory Notice is considered a serious offense and will result in disciplinary action by the Exchange.

### **Position Limits in Treasury Futures During Last Ten Trading Days**

The position limits and relevant effective dates for the December 2008 Treasury futures contracts are detailed in the table below:

December 2008 Contract	Position Limit During Last Ten Trading Days	Effective Date (by close of business on)
2-Year Treasury Notes	25,000 contracts	December 16, 2008
5-Year Treasury Notes	45,000 contracts	December 16, 2008
10-Year Treasury Notes	60,000 contracts	December 5, 2008
30-Year Treasury Bonds	25,000 contracts	December 5, 2008

### **December 2008 Treasury Delivery Dates and Timelines**

The following table summarizes the critical dates in the delivery cycle for each contract. Rules governing delivery timelines are summarized below the table.

<b>December 2008 Contract</b>	<b>First Intent Date</b>	<b>First Notice Date</b>	<b>First Delivery Date</b>	<b>Last Trade Date</b>	<b>Last Intent Date</b>	<b>Last Notice Date</b>	<b>Last Delivery Date</b>
2-Yr Treasury Note	11/26/2008	11/28/2008	12/01/2008	12/31/2008	01/02/2009	01/05/2009	01/06/2009
5-Yr Treasury Note	11/26/2008	11/28/2008	12/01/2008	12/31/2008	01/02/2009	01/05/2009	01/06/2009
10-Yr Treasury Note	11/26/2008	11/28/2008	12/01/2008	12/19/2008	12/29/2008	12/30/2008	12/31/2008
30-Yr Treasury Bond	11/26/2008	11/28/2008	12/01/2008	12/19/2008	12/29/2008	12/30/2008	12/31/2008

All times referenced below represent Chicago time.

**Intention Day:** Notice of intention to deliver must be given to the Clearing House by 8:00 p.m. on the second business day preceding delivery day.

**Notice Day:** On the business day following notice of intention, the issuer must confirm the invoice to the buyers assigned to him by the Clearing House. The invoice must identify the CUSIPs of the contract grade U.S. Treasury securities to be delivered and the amount which the buyers must pay in settlement of the deliveries. These invoices are required to be confirmed in the CME Group Deliveries System by 2:00 p.m. on notice day, except on the last notice date when invoices must be confirmed by 3:00 p.m.

**Delivery Day:** The short Clearing Member must have the specified contract grade U.S. Treasury securities in place at his bank, in form for delivery that is acceptable to his bank, no later than 10:00 a.m. on delivery day.

On delivery day, the long Clearing Member must make funds available by 7:30 a.m. and notify his bank to accept the invoiced Treasury securities and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank in payment for delivery of the securities.

Contract grade U.S. Treasury securities must be transferred and payment must be made by 1:00 p.m. on delivery day.

Questions regarding this advisory should be directed to the following individuals in Market Regulation:

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