

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 21-101

Organization: The Board of Trade of the City of Chicago, Inc. ("CBOT")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 02/26/21 Filing Description: Amendments to Eris Swap Futures Daily Settlement Procedure Document

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers: See filing.

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:

February 26, 2021

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Amendments to Eris Swap Futures Daily Settlement Procedure Document.  
CBOT Submission No. 21-101**

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to the Daily Settlement Procedure document (the “Document”) in connection with the Eris Swap Futures contracts listed in the table below (the “Contracts”) effective Sunday, March 14, 2021 for trade date of Monday, March 15, 2021.

<b>Contract Title</b>	<b>Commodity Code</b>	<b>CBOT Rulebook Chapter</b>
2-Year Eris Swap Futures	LIT	61
3-Year Eris Swap Futures	LIC	61
4-Year Eris Swap Futures	LID	61
5-Year Eris Swap Futures	LIW	61
7-Year Eris Swap Futures	LIB	61
10-Year Eris Swap Futures	LIY	61
12-Year Eris Swap Futures	LII	61
15-Year Eris Swap Futures	LIL	61
20-Year Eris Swap Futures	LIO	61
30-Year Eris Swap Futures	LIE	61

The fallback language in the event of no trades during the final 60 seconds of the session will specify that settlement of the Contracts will be based on the Bid/Ask prices, rather than the midpoint of the Bid/Ask prices (collectively, the “Rule Amendments”). Specifically, the Rule Amendments amend the Tier 2 settlement criterion such that if no trades occur on CME Globex between 13:59:00 and 14:00:00 CT, the settlement period, then a settlement based on the Bid/Ask spreads as of 14:00:00 CT shall apply.

The Exchange is implementing the Rule Amendments as the enhanced settlement methodology shall produce settlements that are more consistent with fair value particularly during periods of reduced liquidity.

Amendments to the Document are provided in Exhibit A below with additions underscored and deletions ~~struck through~~.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the following Core Principles may be impacted by the Rule Amendments.

**Compliance with Rules**

The Exchange shall continue their normal practice to establish, monitor, and enforce compliance with the rules for the Contracts, including the Rule Amendments for the Contracts.

**Prevention of Market Disruption**

The Exchange has the capacity to detect abnormal price movements and unusual trading volumes, including such abnormal price movements or trading volumes as may be associated with bilaterally negotiated trades, and they hold the authority to take remedial action as appropriate.

**Execution of Transactions**

The Rule Amendments will further enable the Exchange to continue their current practice of providing a competitive, open, and efficient market mechanism for executing transactions.

**Availability of General Information**

The Exchange shall disseminate a Special Executive Report (“SER”) regarding the Rule Amendments. The SER will also be posted on the CME Group website.

**Daily Publication of Trading Information**

Trading volume, open interest and price information will be published daily on the Exchange’s website and via quote vendors.

Pursuant to CFTC Regulation 40.6(a), the Exchange hereby certifies that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

The Exchange certifies that this submission has been concurrently posted on the Exchange’s website at: <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact me at (212) 299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A - Amendments to the Daily Settlement Procedure Document of the Eris Swap Futures Contracts (blackline format)

## EXHIBIT A

### Daily Settlement Procedure Document (additions underscored; deletions ~~struck through~~)

#### Eris Swap Futures

##### Daily Settlement Procedure

Daily settlements of the Eris Swap futures are determined based on trading activity on CME Globex.

- 1) -If trades occur on CME Globex in the 1-minute range between 13:59:00 and 14:00:00 Central Time (CT) (the "settlement window"), then the VWAP of trades during the ~~last [60] second~~-settlement window ~~that ends at 14:00 CT~~ is used.
  - a. ~~If the VWAP is lower than the best Bid from the selected 14:00:00 CT snapshot taken during the settlement window~~, settle at the best Bid.
  - a.
  - b. If the VWAP is higher than the best Ask from the ~~14:00:00 CT~~selected snapshot, settle at the best Ask.
- 2) If no trades occur on CME Globex during the settlement window ~~between 13:59:00 and 14:00:00 CT~~, then ~~the mid-point from the best~~ a settlement based on the Bid/Ask spreads at 14:00:00 CT during the settlement window is used. The settlements will be based on outright contract months on CME Globex. An algorithm is run to find a set of prices that best fits the market activity and falls within the bid offer market in the outright contracts.
- 3) If there are no bids and offers (or trades) in the order book to calculate a settlement value, then the following process is used:
  - a. If the adjacent points to the missing rate have quotes, interpolate between the daily changes in those adjacent points to calculate a rate for the missing point.
    - i. ~~For example, if there was not a valid end of day quote for the 5Y Eris Swap Futures, interpolate (linear) a rate based upon the daily change in the 4Y Eris Swap Futures and the 7Y Eris Swap Futures~~
    - b. If the adjacent points to the missing rate do not have quotes, value is determined based on the estimated value of an equivalent interest rate swap along with observations from Eris futures market.

**Note:** In the event the aforementioned calculations described in this advisory cannot be made or if CME Group staff, in its sole discretion, determines that anomalous activity yields results that are not representative of the fair value of the contract, staff may determine an alternative settlement price.