

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 24-246

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): 06/28/24 Filing Description: Amendments to Spot Month Position Limits for the Short-Term U.S. Treasury Note Futures (2-Year), Ultra 10-Year U.S. Treasury Note Futures, U.S. Treasury Bond Futures, and Ultra U.S. Treasury Bond Futures

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|--------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers:

New Product

Please note only ONE product per Submission.

- | | | |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

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

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

Official Name(s) of Product(s) Affected: See filing.

Rule Numbers: See filing.

June 28, 2024

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. Increase of the Spot Month Position Limits for the Short-Term U.S. Treasury Note Futures (2-Year), Ultra 10-Year U.S. Treasury Note Futures, U.S. Treasury Bond Futures, and Ultra U.S. Treasury Bond Futures. CBOT Submission No. 24-246

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc.'s ("CBOT" or "Exchange") is certifying to the Commodity Futures Trading Commission ("CFTC" or "Commission") amendments to CBOT Chapter 5 Position Limits, Position Accountability and Reportable Level table (the "Table") to increase the spot-month limit for Short-Term U.S. Treasury Note Futures (2-Year), Ultra 10-Year U.S. Treasury Note Futures, U.S. Treasury Bond Futures, and Ultra U.S. Treasury Bond Futures contracts (collectively, the "Contracts"), effective on July 16, 2024 and commencing with the December 2024 contract month and beyond.

| Contract Title | Rulebook Chapter | CME Globex / CME ClearPort Code | Spot-Month Limit (in Net Futures Equivalents) (Up to and including the September 2024 Contract Month) | Spot-Month Limit (in Net Futures Equivalents) (Commencing with the December 2024 Contract Month and Beyond) |
|--|------------------|---------------------------------|---|---|
| Short-Term U.S. Treasury Note Futures (2-Year) | 21 | ZT / 26 | 35,000 | <u>40,000</u> |
| Ultra 10-Year U.S. Treasury Note Futures | 26 | TN | 125,000 | <u>150,000</u> |
| U.S. Treasury Bond Futures | 18 | ZB / 17 | 30,000 | <u>75,000</u> |
| Ultra U.S. Treasury Bond Futures | 40 | UB / UBE | 80,000 | <u>100,000</u> |

The Table will be amended to reflect the aforementioned changes to the Contracts. Exhibit A provide the Table effective on July 16, 2024, and Exhibit B provide the Table effective on Tuesday, October 1, 2024, the date following the expiration of the September 2024 contracts (collectively, the "Rule Amendments"). Exhibits A and B are provided in blackline format under separate cover.

Advanced market notification with application to December 2024 futures delivery months allows the marketplace more than a full quarterly delivery cycle to consider the changes prior to implementation. This amount of advance warning should minimize any potential disruptions to trading in futures delivery months with existing open interest. In each instance, the Exchange will be increasing the spot month limit.

The position limits for the remaining Treasury Note futures will remain at current levels – reflecting the Exchange’s determination that these limits are appropriate to the characteristics and supply of contract-grade Treasury notes and bonds that are eligible for delivery into these futures contracts.

For any given Treasury futures contract, the Exchange establishes and periodically reevaluates the corresponding position limit in light of both market conditions and the structure of the basket of deliverable-grade securities for such contract. Among the factors taken into consideration are (a) the size distribution and supply of such deliverable-grade issues, (b) the proximity of market yields on deliverable grade issues to the 6% notional yield that the Exchange uses to set conversion factors for standardization of contract delivery invoice prices, and (c) the distribution of durations among Treasury issues eligible for delivery into the contract.

CBOT first implemented position limits in expiring Treasury futures in June 2005 in an effort to mitigate congested deliveries that might arise as a result of structural imbalances between the futures and cash markets. As in earlier instances, the aim of the present reexamination and revision is to ensure that the position limits comport with both market conditions and scale of deliverable supply.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“Act”) and identified that the Rule Amendments may have some bearing on the following Core Principles.

- **Contracts Not Readily Subject to Manipulation:** The Rule Amendments are designed to set position limits in expiring Treasury futures at levels that are consistent with existing and expected deliverable supplies of cash Treasury securities. As such, the proposed rule will eliminate the potential for congested deliveries of cash securities during delivery periods and thus obviate the chance of manipulation by market participants.
- **Prevention of Market Disruption:** The Rule Amendments, which determines position limits in expiring Treasury futures at levels that are consistent with existing and expected deliverable supplies of cash Treasury securities, will provide the Exchange's market surveillance, compliance, and enforcement functions with an important metric for preventing market disruptions, price distortions, and delivery disruptions during delivery periods.
- **Position Limits and Accountability:** The Rule Amendments, which determines position limits in expiring Treasury futures at levels that are consistent with existing and expected deliverable supplies of cash Treasury securities, will provide the Exchange's market surveillance, compliance, and enforcement functions with an important metric for preventing market disruptions, price distortions, and delivery disruptions during delivery periods.
- **Protection of Market Participants:** The Rule Amendments, which determines position limits in expiring Treasury futures at levels that are consistent with existing and expected deliverable supplies of cash Treasury securities, will provide the Exchange's market surveillance, compliance, and enforcement functions with an important metric for preventing market disruptions, price distortions, and delivery disruptions during delivery periods.
- **Availability of General Information:** The Rule Amendments will be disseminated to the marketplace via Market Surveillance Notice. The Exchange will publish information on the contracts' specifications on its website, together with daily trading volume, open interest, and price information.

Pursuant to Section 5c(c) of the Act and 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 (312) 466-7478 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A – Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CBOT Rulebook (attached under separate cover) (effective July 16, 2024)
Exhibit B – Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CBOT Rulebook (attached under separate cove) (effective October 1, 2024)

Exhibit A

**CBOT Rulebook
Chapter 5
("Trading Qualifications and Practices")**

Position Limit, Position Accountability and Reportable Level Table
(attached under separate cover)

[Effective July 16, 2024]

Exhibit B

**CBOT Rulebook
Chapter 5
("Trading Qualifications and Practices")**

Position Limit, Position Accountability and Reportable Level Table
(attached under separate cover)

[Effective October 1, 2024]