

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 22-006

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): 02/17/22 Filing Description: Initial Listing of the 20-Year U.S. Treasury Bond Futures Contract

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:

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: 20-Year U.S. Treasury Bond Futures.

Rule Numbers: CBOT Rulebook Chapters 5 and 25.

February 17, 2022

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
3 Lafayette Center
1155 21st Street NW
Washington, DC 20581

**Re: CFTC Regulation 40.2(a) Certification. Initial Listing of the 20-Year U.S. Treasury Bond Futures Contract.
CME Submission No. 22-006**

The Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”) certifies to the Commodity Futures Trading Commission (“CFTC” or “Commission”) for the initial listing of the 20-Year U.S. Treasury Bond Futures contract (the “Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort effective on Sunday, March 6, 2022 for trade date Monday, March 7, 2022.

Section 1 – Contract Specifications

Contract Title / Rulebook Chapter	20-Year U.S. Treasury Bond Futures / CBOT 25
CME Globex and CME ClearPort Code	TWE
Trading and Clearing Hours	<p>CME Globex: Sunday Pre-Open 4:00 p.m. Central Time/CT; Open 5:00 p.m. – 4:00 p.m. CT Monday – Thursday Pre-Open 4:45 p.m. CT; Open 5:00 p.m. – 4:00 p.m. CT. A maintenance period occurs daily from 4:00 p.m. – 5:00 p.m. CT</p> <p>CME ClearPort: Sunday 5:00 p.m. - Friday 5:45 p.m. CT with no reporting Monday – Thursday from 5:45 p.m. – 6:00 p.m. CT</p>
Contract Size	100,000
Product Unit of Measure	Index Points
Currency	USD
Price Quotation	Points and fractions of points with par on the basis of 100 points
Minimum Price Fluctuation	1/32 of 1 point (0.03125) = \$31.25
Minimum Daily Settlement Increment and Final Settlement Increment	1/32 of 1 point (0.03125)
Listing Schedule	Quarterly contracts (Mar, Jun, Sep, Dec) listed for 3 consecutive quarters
Initial Listing Schedule	June 2022, September 2022. December 2022 will be listed on its normal schedule, consistent with other Treasury futures

Termination of Trading	12:01 p.m. CT on the seventh business day preceding the last business day of the delivery month
Grade and Quality	Original issue 20-Year U.S. Treasury bonds with not less than 19 years 2 months and not more than 20 years of remaining term to maturity from first day of futures delivery month. The invoice price equals the futures settlement price times a conversion factor, plus accrued interest. The conversion factor is the price of the delivered bond (\$1 par value) to yield 6 percent.
Block Trade Minimum Threshold	RTH-1000; ETH-500; ATH-250
Reporting Window	RTH - 5 minutes ETH/ATH - 15 minutes
CME Globex Matching Algorithm	F-FIFO 100%

Section 2 – 20-Year U.S. Treasury Bond Futures

CBOT has designed the 20-Year U.S. Treasury Bond futures contract as a complement to the Exchange's extant Treasury Note and Bond futures contracts.

20-Year U.S. Treasury Bond futures will have a \$100,000 notional contract size, a minimum tick size of one thirty-second of one price point (\$31.25), and contract expirations in the March, June, September, and December quarterly cycle. In addition, the Exchange will make the futures contract eligible for block and exchange-for-related-product (EFRP) transactions. The futures contract will also be eligible for matching as part of the implied, inter-commodity spreads (ICS), in which order books in related Treasury and Swap futures will be linked with that of 20-Year U.S. Treasury Bond futures.

Like its Treasury futures counterparts, the 20-Year U.S. Treasury Bond futures contract shall call for the physical delivery of cash securities via the Federal Reserve book-entry wire-transfer system. Each futures contract will have a deliverable grade that consists of original issue 20-Year U.S. Treasury bonds that have remaining term to maturity of not less than 19 years and 2 months from the first day of the contract delivery month, and not greater than 20 years. As an example, the June 2022 expiry--which the Exchange intends as the first 20-Year U.S. Treasury Bond futures contract expiry to be listed for trading--is projected to have a deliverable basket of four cash securities that will have a combined notional amount of \$224 billion at the end of the delivery month. It is important to note that the likely cheapest-to-deliver issue for the futures contract will have a face value of \$75 billion—matching the Long-Term U.S. Treasury Note futures (6 ½ to 10-Year) as the second largest outstanding notional within the U.S. Treasury Note and Bond futures complex.

Section 3 -- Compliance with Core Principles

The Exchange reviewed the designated contract market core principles ("DCM Core Principles") as set forth in the Commodity Exchange Act ("CEA" or the "Act") and has identified that the following DCM Core Principles may be impacted as follows.

Core Principle 2 – Compliance with Rules

The Contract shall be subject to CBOT Rulebook Chapter 4, which includes prohibitions against fraudulent, noncompetitive, unfair, and abusive practices. Additionally, trading in the Contract will be subject to the Exchange's trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the

Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, trading activity in the Contract will be subject to monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

Core Principle 3 – Contract Not Readily Subject to Manipulation

Current quarterly issuance is projected to be \$51 billion per CUSIP, auctions spread across three months including two re-openings (\$19+\$16+\$16). Therefore, the cumulative face value of these four issues is projected to be \$188 bln (\$51+\$51+\$51+\$35), of which the face value of the bond with shortest remaining term to maturity at delivery – the CUSIP most likely under prevailing market conditions to emerge as CTD -- represents around \$51 bln (roughly equivalent to 510,000 20-Year U.S. Treasury Bond futures). Given that the bonds that are characteristically deliverable into an expiring 20-Year U.S. Treasury Bond futures contract is the newest and among the largest issues in the universe of Treasury notes and bonds, it is improbable that a market participant who attempts to manipulate, squeeze, or congest a 20-Year U.S. Treasury Bond contract delivery by hoarding or cornering the contract deliverable supply would escape detection.

Core Principle 4 – Prevention of Market Disruption

The Contract shall be subject to CBOT Rulebook Chapters 4 and 5, which include prohibitions on manipulation, price distortion, and disruption to the expiration and assignment process. The Contract shall be subject to monitoring and surveillance by CME Group's Market Regulation Department.

Core Principle 5 – Position Limits or Accountability

Position accountability thresholds for the Contract shall be determined and maintained similarly to the methodology applied for the rest of the U.S. Treasury Note and Bond futures complex. The specific position limits and accountability levels have been provided in Appendix B.

The Exchange intends to apply a position limit of 80,000 contracts during the last ten (10) business days prior to the last trading day. This limit of 80,000 contracts has been determined by taking a conservative approach to the methodology used to recommend position limits for the rest of the Treasury futures complex. Due to the recent reintroduction of the 20-year bond and uncertainty about the size of future 20-year bond issuance, setting the initial position limit conservatively is warranted. The Contract will be included in the Exchange's annual review of position limits for the Treasury futures complex. The position limit of 80,000 contracts represents 23% of the smallest issue that is anticipated to be available at the end of the delivery month.

Core Principle 7 – Availability of General Information

The Exchange disseminated a Special Executive Report ("SER") that sets forth information regarding the specifications, terms, and conditions of the Contract. The SER is also be posted on CME Group's website.

Core Principle 8 – Daily Publication of Trading Information

The Exchange shall publish trading volumes, open interest levels, and price information for the Contract daily on its website and through quote vendors.

Core Principle 9 – Execution of Transactions

The Contract will be available for trading on CME Globex, which provides for efficient, competitive, and open execution of transactions. Additionally, CME Globex affords reliability and global connectivity. The applicable CME Globex non-reviewable trading ranges shall be as set forth in Appendix C. The Contract will also be available for clearing via CME ClearPort.

Core Principle 10 – Trade Information

All requisite trade information will be included in the audit trail and will suffice for the Market Regulation Department to monitor for market abuse.

Core Principle 11 – Financial Integrity of Contracts

The transactions in the Contract will be cleared by CME Clearing, which is registered with the Commission as a derivatives clearing organization, and which is subject to all CFTC regulations related thereto.

Core Principle 12 – Protection of Markets and Market Participants

CBOT Rulebook Chapters 4 and 5 set forth multiple strictures that preclude intermediaries from disadvantaging their customers. These Rules apply to trading in all of the Exchange’s competitive trading venues and will apply to transactions in the Contract.

Core Principle 13 – Disciplinary Procedures

CBOT Rulebook Chapter 4 provides for the Exchange to discipline, suspend, or expel members or market participants who violate the rules of the Exchange. Trading in the Contract will be subject to these provisions. The Exchange’s Market Regulation Department has the authority to exercise its powers of enforcement, in the event that rule violations in the Contract are identified.

Core Principle 14 – Dispute Resolution

Disputes in respect of the Contract are subject to the arbitration provisions set forth in CBOT Rulebook Chapter 6, which allow all nonmembers to submit to arbitration claims for financial loss resulting from transactions on the Exchange. Pursuant to these provisions, any member named as a respondent in any such claim submitted by a nonmember is required to participate in arbitration proceedings. Additionally, the Exchange requires members to resolve via arbitration all disputes concerning transactions on the Exchange.

Pursuant to Section 5c(c) of the Act and Regulation 40.2(a), the Exchange certifies that the Contract complies with the Act, including all regulations thereunder. 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-fillings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A CBOT Rulebook Chapter 25
Appendix B Position Limit, Position Accountability, and Reportable Level Table,
CBOT Rulebook Chapter 5 (attached under separate cover)
Appendix C CBOT Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table

Appendix D	CBOT Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table
Appendix E	Exchange Fees
Appendix F	Daily Settlement Procedure Document

Appendix A
Chapter 25
20-Year U.S. Treasury Bond Futures

25100. SCOPE OF CHAPTER

This chapter is limited in application to trading of 20-Year U.S. Treasury Bond futures. The procedures for trading, clearing, delivery, and settlement, and any other matters not specifically covered herein or in Chapter 7 shall be governed by the general rules of the Exchange.

All times referenced in this chapter are Chicago times and are subject to change by the Exchange.

25101. CONTRACT SPECIFICATIONS

25101.A. Contract Grade

The contract grade for delivery on futures made under these Rules shall be U.S. Treasury fixed-principal bonds which have fixed semi-annual coupon payments, and which have:

- (a) an original term to maturity (i.e., term to maturity at issue) of not more than 20 years; and
- (b) a remaining term to maturity of not less than 19 years 2 months.

For the purpose of determining a U.S. Treasury bond's eligibility for contract grade, its remaining term to maturity shall be calculated from the first day of the contract's named month of expiration. New issues of U.S. Treasury bonds that satisfy the standards in this Rule shall be added to the contract grade as they are issued.

Notwithstanding the foregoing, the Exchange shall have the right to exclude any new issue from the contract grade or to further limit outstanding issues from the contract grade.

25101.B. Physical Delivery

Each individual contract lot that is delivered must be composed of one and only one contract grade Treasury bond issue. The amount at which the short Clearing Member making delivery shall invoice the long Clearing Member taking delivery of said bonds (Rule 25105.A.) shall be determined as:

$$\text{Invoice Amount} = (\$1000 \times P \times c) + \text{Accrued Interest}$$

where

P is the contract daily settlement price on the day that the short Clearing Member gives the Clearing House notice of intention to deliver (Rule 25104.A.). *P* shall be expressed in points and fractions of points with par on the basis of 100 points (Rule 25102.C.); and

c is a conversion factor equal to the price at which a bond with the same time to maturity as said bond and with the same coupon rate as said bond, and with par on the basis of one (1) point, will yield 6% per annum according to conversion factor tables prepared and published by the Exchange. For the purpose of determining the conversion factor, the remaining term to maturity shall be rounded down to the nearest three-month increment (e.g., 19 years 10 months 17 days shall be taken to be 19 years 9 months).

For each individual contract lot that is delivered, the product expression $(\$1000 \times P \times c)$ shall be rounded to the nearest cent, with half-cents rounded up to the nearest cent.

Example: Assume that *P* is 100 and 25.5/32nds. Assume that *c* is 0.9633. The product expression $(\$1000 \times P \times c)$ is found to be \$97,097.6296875. The rounded amount that enters into determination of the *Invoice Amount* is \$97,097.63.

In the determination of the *Invoice Amount* for each individual contract lot being delivered, *Accrued Interest* shall be charged to the long Clearing Member taking delivery by the short Clearing Member making delivery, in accordance with 31 CFR Part 306--General Regulations Governing U.S. Securities, Subpart E--Interest. See also Rule 25102.B.

25102. TRADING SPECIFICATIONS

The number of contract expiration months open for trading at a given time shall be determined by the Exchange.

25102.A. Trading Schedule

The hours for trading shall be determined by the Exchange. On the last day of trading in an expiring contract (Rule 25102.F.), the close of the expiring contract shall begin at 12:00 noon and trading shall be permitted thereafter for a period not to exceed one minute.

25102.B. Trading Unit

The unit of trading shall be U.S. Treasury Bonds having a face value at maturity of one hundred thousand dollars (\$100,000) or multiples thereof.

25102.C. Price Increments

Par shall be on the basis of 100 points, with each point equal to \$1,000 per contract. The minimum price fluctuation shall be one thirty-second of one point (equal to \$31.25 per contract), except for intermonth spreads for which the minimum price fluctuation shall be one quarter of one thirty-second of one point (equal to \$7.8125 per contract). Contracts shall not be made on any other price basis.

25102.D. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

25102.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

25102.F. Termination of Trading

No trades in an expiring contract shall be made during the last 7 business days of the contract's named month of expiration. Any contract remaining open after the last day of trading must be either:

(a) settled by physical delivery no later than the last business day of the contract's named month of expiration (Rule 25103.); or

(b) liquidated by means of a bona fide Exchange of Futures for Related Position (Rule 538.) no later than 12:00 noon on the fifth business day preceding the last business day of the contract's named month of expiration.

25103. DATE OF DELIVERY

Delivery of contract grade U.S. Treasury bonds may be made by a short Clearing Member upon any business day of the contract delivery month that the short Clearing Member may select. The contract delivery month shall be defined so as to commence on, and to include, the first business day of the contract's named month of expiration, and to extend to, and to include, the last business day of the contract's named month of expiration.

25104. DELIVERIES ON EXPIRING FUTURES CONTRACTS

Deliveries against expiring contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Rule 25109.) in accordance with 31 CFR Part 306--General Regulations

Governing U.S. Securities, Subpart O--Book-Entry Procedure, and 31 CFR Part 357--Regulations Governing Book-Entry of U.S. Treasury Bonds, Notes and Bills held in Legacy Treasury Direct®.

Deliveries against an expiring contract can be made no earlier than the first business day of the contract's named month of expiration, and no later than the last business day of the contract's named month of expiration (Rule 25103.).

All deliveries must be assigned by the Clearing House.

25104.A. Day of Intention

No later than 6:00 p.m. on the second business day preceding the intended day of delivery, the short Clearing Member must tender to the Clearing House all notices of intention to make delivery such as it has received from its customers who are short.

Where a futures commission merchant, as a Clearing Member, has an interest both long and short for customers on its own books, it must tender all such notices of intention to deliver.

To each short Clearing Member who has issued a notice of intention to make delivery, the Clearing House shall assign long Clearing Members who shall be obligated to take delivery. Upon making such assignment, the Clearing House shall promptly furnish to each short Clearing Member making delivery the names of the long Clearing Members assigned to take delivery from such short Clearing Member.

25104.B. Day of Delivery

No later than 7:30 a.m. on the day of delivery, the long Clearing Member taking delivery must make funds available, and must notify its bank to accept contract grade U.S. Treasury bonds (Rules 25101.A. and 25105.A.) and to remit federal funds to the account of the short Clearing Member making delivery, at the short Clearing Member's bank.

In the event the long Clearing Member taking delivery does not agree with the terms of the invoice received from the short Clearing Member making delivery (Rule 25105.A.), the long Clearing Member must notify the short Clearing Member, and the dispute must be settled no later than 9:30 a.m. on the day of delivery.

No later than 10:00 a.m. on the day of delivery, the short Clearing Member making delivery must have contract grade U.S. Treasury bonds (Rules 25101.A. and 25105.) in place at its bank, in delivery form that is acceptable to its bank, and must notify its bank to transfer said U.S. Treasury bonds by book entry, on a delivery versus payment basis (Rule 25107.), to the account of the long Clearing Member taking delivery, at the long Clearing Member's bank.

No later than 1:00 p.m. on the day of delivery, contract grade U.S. Treasury bonds must be transferred, and payment must be made.

25105. SELLER'S INVOICE NOTIFICATION TO BUYER

25105.A. Invoice Terms

Each short Clearing Member making delivery shall prepare invoices addressed to each long Clearing Member assigned to take delivery from such short Clearing Member (Rule 25104.A.). Said invoices shall:

(a) identify the U.S. Treasury bonds that the short Clearing Member shall tender to said long Clearing Member; and

(b) show the amounts which said long Clearing Member must pay to said short Clearing Member in settlement of the actual delivery of said U.S. Treasury bonds, based on the delivery prices established by the Clearing House, and adjusted for accrued interest (Rule 25101.B.).

25105.B. Day of Notification

In the case of deliveries to be made prior to the last permissible day of delivery (Rule 25103.), each short Clearing Member making delivery shall submit said invoices to the Clearing House by 2:00 p.m. on the business day preceding the day of delivery. In the case of deliveries to be made on the last permissible day of delivery, the short Clearing Member shall submit such invoices to the Clearing House by 3:00 p.m. on the business day preceding the day of delivery. Upon receipt of such invoices, the Clearing House shall promptly furnish them to the long Clearing Members to whom they are addressed.

25106. BUYER'S BANKING NOTIFICATION TO SELLER

No later than 4:00 p.m. on the business day preceding the day of delivery, the long Clearing Member taking delivery shall provide the short Clearing Member making delivery with a Banking Notification form which shall include:

- (a) date of delivery;
- (b) identification number and name of the long Clearing Member taking delivery;
- (c) notification number of the Clearing House delivery assignment;
- (d) identification number and name of the short Clearing Member making delivery;
- (e) quantity of the contract being delivered; and
- (f) the long Clearing Member's bank, account number, and specific Federal Wire instructions for the transfer of U.S. Treasury securities.

25107. PAYMENT

No later than 1:00 p.m. on the day of delivery, the long Clearing Member assigned to take delivery must take delivery and make payment. In the case of banking holidays, said long Clearing Member must take delivery and make payment no later than 9:30 a.m. on the next banking business day.

Payment shall be made in federal funds on a delivery versus payment basis. That is, payment shall not be made until the U.S. Treasury bonds to be tendered for delivery (Rule 25105.A.) are delivered. Adjustments for differences between contract prices and delivery prices established by the Clearing House shall be made with the Clearing House in accordance with its rules, policies, and procedures.

25108. WIRE FAILURE

In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire, or because of a failure of either the long Clearing Member's bank or the short Clearing Member's bank to access the Federal Reserve wire, delivery shall be made before 9:30 a.m. on the next business day on which the Federal Reserve wire, or bank access to it, is operable.

In the event of such failure, the short Clearing Member making delivery shall remit to the long Clearing Member taking delivery such interest on the U.S. Treasury bonds being delivered as accrues between the day on which the bonds were originally to be delivered and the day on which the bonds are actually delivered. Both the long Clearing Member and the short Clearing Member must provide to the Exchange documented evidence that they gave instructions to their respective banks in accordance with Rules 25104. and 25107. and that they complied with all other provisions of Rules 25104. and 25107.

25109. BANKS

For purposes of these Rules "qualified bank" (Rule 25104.) shall mean a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and that has capital (capital, surplus and undivided earnings) in excess of one hundred million dollars (\$100,000,000).

Appendix B

CBOT Rulebook

Chapter 5

Position Limit, Position Accountability, and Reportable Level Table

(attached under separate cover)

Appendix C

CBOT Rulebook

Chapter 5

Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) Table

Instrument	Globex Symbol	Outrights			Spreads	
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Minimum Ticks	NRR: Globex Format	NRR: Minimum Ticks
<u>20-Year U.S. Treasury Bond Futures</u>	<u>TWE</u>	<u>30/32 of 1 point (\$1,000)</u>	<u>0.9375</u>	<u>30</u>	<u>0.234375</u>	<u>8</u>

Appendix D

CBOT Rulebook
Chapter 5

Rule 589. Special Price Fluctuation Limits and Daily Price Limits Table

Product	Rulebook	Commodity Code	PRIMARY/ASSOCIATED	ASSOCIATED WITH	Dynamically Calculated Variant - All Hours
<u>20-Year U.S. Treasury Bond Futures</u>	<u>25</u>	<u>TWE</u>	<u>Primary</u>	<u>Primary</u>	<u>4.50 points</u>

Appendix E Exchange Fees

Level	Account Owner	Execution Type	Venue/ Transaction Type	20Yr T-Bond
Individual Member				
1	Individual Members	Member Account Owner	CME Globex	\$0.13
			EFPI EFR Block	\$0.88
	Individual Delegates	Delegate Trading Own Account	CME Globex	\$0.26
			EFPI EFR Block	\$1.01
Equity Members (Individual Equity members, Clearing Firms and Equity Firms)				
2	Equity Members	Member or Delegate	CME Globex	\$0.13
			EFPI EFR Block	\$0.88
		Non-Member	CME Globex	\$0.22
			EFPI EFR Block	\$0.88
	Rule 106.S. Family of Funds Equity Member Firms	Member, Delegate or Non-Member	CME Globex	\$0.22
			EFPI EFR Block	\$0.88

(Execution Not a Factor in Membership Types Below)

Level	Account Owner	Execution Type	Venue/ Transaction Type	20Yr T-Bond		
Trading Members (Individual Non-Equity Members and Non-Equity Member Firms)						
3	Individual Non-Equity Members (other member/delegate executing); Rule 106.H. Corporate Trading Firms; Rule 106.H. Trading FCMs; & Rule 106.I. Affiliate Trading Member Firms	Member, Delegate or Non-Member	CME Globex	\$0.31		
			EFPI EFR Block	\$1.01		
			Individual Delegates (Other Member or Delegate executing the trade) & Rule 106.I. Affiliate Trading Member Firms	Member, Delegate or Non-Member	CME Globex	\$0.44
					EFPI EFR Block	\$1.16
	Rule 106.S. Family of Funds Trading Member Firms	Member, Delegate or Non-Member	CME Globex	\$0.31		
			EFPI EFR Block	\$1.01		

Level	Account Owner	Execution Type	Venue	20Yr T-Bond
Electronic Corporate Member Firm				
4	Rule 106.R Electronic Corporate Member Firms (For other than CME Globex - Non-Member rates apply)	Member, Delegate or Non-Member	CME Globex	\$0.44
Non-Members				
5	International Incentive Program (IIP) and International Volume Incentive Program (IVIP) Participants	Member, Delegate or Non-Member	CME Globex	\$0.49
			EFPI EFR Block	\$1.21
	Central Bank Incentive Program (CBIP) and Latin American Fund Manager Incentive Program (FMIP) Participants (For other than CME Globex - Non- Member rates apply)	Member, Delegate or Non-Member	CME Globex	\$0.70
			CME Globex	\$0.80
	Non-Members	N/A	EFPI EFR Block	\$1.21

Appendix F

Settlement Procedure Document

Treasury Futures Daily Settlement Procedure

Normal Daily Settlement Procedure

Daily settlement of the 20-Year U.S. Treasury Bond futures (TWE) is determined by CME Group staff based on trading activity on CME Globex.

Lead Month

The designated lead month* is settled according to the following procedure:

Tier 1: If the lead month contract trades on Globex between 13:59:30 and 14:00:00 Central Time (CT), the settlement period, then the lead month settles to the volume-weighted average price (VWAP) of the trade(s) during this period.

Tier 2: If no trades in the lead month occur on Globex between 13:59:30 and 14:00:00 CT, then the most recent trade (or prior settle in the absence of a last trade price) is used.

The lead month settles to the last trade/prior settle assuming that it does not violate the low bid or the high ask in the settlement period. If the low bid in the settlement period is higher than the last trade/prior settlement price, then the lead month settles to that bid. If the high ask in the settlement period is lower than the last trade/prior settle, then the lead month settles to that ask.

Second Month

When the lead month is the expiry month, then the second month is defined as the calendar month immediately following the lead month. When the lead month is not the expiry month, then the second month is defined as the first expiring non-lead month.

Tier 1: If the lead month-second month spread trades on Globex between 13:59:30 and 14:00:00 CT, then the spread VWAP is calculated and rounded to the spread's nearest tradable tick. The spread differential is then applied to the lead month settlement price to derive the second month settlement, which is rounded to the outright's nearest tradable tick.

Tier 2: If a VWAP is not available due to an absence of trades, then the most recent spread trade is applied to the lead month settlement price to derive the second month settlement, which is rounded to the outright's nearest tradable tick.

If there are no trades in the lead month-second month calendar spread, then the prior-day spread relationship is used to derive the second month settlement.

In either of the above scenarios, if the derived spread differential in the lead month-second month spread is below the low bid in the settlement period in that spread, then the spread settles to that bid. If the calculated spread differential in the lead month-second month spread is higher than the high ask in the settlement period in that spread, then the spread settles to that ask. Additionally, if the derived second month settlement violates the low bid or the high ask in the outright market for the second month during the settlement period, then, the settlement will be adjusted to the nearest low bid or the high ask accordingly – provided the resulting price does not violate the low bid / high ask in the spread.

Back Months

To derive settlements for all remaining months, the second chronological month's net change from its prior-day settlement is applied to the back month contracts' prior-day settlements, provided that this value does not violate the low bid or high ask between 13:59:30 and 14:00:00 CT for either the respective outrights or the consecutive-month calendar spreads.

*The Lead-Month designations are determined by CME Group according to the First Position Date of the futures contract. These dates are all detailed in the Treasury calendar tab located on the CME Group.com webpage associated with each futures contract (link attached). The first position date is generally two business days prior to the beginning of the delivery month. For example, on trade date August 28th 2015 the December 2015 quarterly futures will become Lead-Month. Lead-Month designations are used by CME Group to define both the anchor leg for settlements and for circuit breaker event triggers.

http://www.cmegroup.com/trading/interest-rates/us-treasury/10-year-us-treasury-note_product_calendar_futures.html

If you have any questions, please call the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, or in Asia at 65.6532.5010.

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