

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 16-163 (6 of 6)

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): 5/18/2016 Filing Description: Initial Listing of Ultra Ten-Year Treasury Invoice Swap Contracts

**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

Official Product Name: See filing.

**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:

May 18, 2016

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
3 Lafayette Center  
1155 21<sup>st</sup> Street N.W.  
Washington, DC 20581

**Re: CFTC Regulation 40.2(a) Certification. Notification Regarding the Initial Listing of Ultra Ten-Year Treasury Invoice Swap Contracts. CBOT Submission No. 16-163 (6 of 6)**

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the initial listing of Ultra Ten-Year Treasury Invoice Swap contracts (the "Contracts") for trading on the CME Globex electronic trading platform ("CME Globex") and for submission for clearing via CME ClearPort effective on Sunday, 5 June 2016, for first trade date of Monday, 6 June 2016.

Additionally, the Exchange is self-certifying amendments to CBOT Rulebook Chapter 58 that (a) establish minimum price increments applicable to trading in intracommodity and intercommodity spreads of CBOT Treasury Invoice Swap contracts (including but not limited to the Contracts) and (b) clarify declaration of contract terms and conditions with the addition of definitional terms to formalize the concepts of Treasury Delivery Invoice Yield and Swap Spread. Such rule amendments also shall take effect Sunday, 5 June 2016, for first trade date of Monday, 6 June 2016 (See CBOT Submission No. 16-165 pursuant to CFTC Regulation 40.6(a), dated 18 May 2016).

Similar to Treasury Invoice Swap contracts that the Exchange currently lists,<sup>1</sup> such additional Treasury Invoice Swap contracts will be listed for trading solely as intercommodity spreads. Any such intercommodity spread shall be required to comprise a specified forward-starting Libor-reference Treasury Invoice Swap and a specified relevant CBOT 10-Year Treasury Note ("TN" or "Ultra 10-Year") futures contract. Initial listings of such Ultra Ten-Year Treasury Invoice Swaps shall include swaps for which the corresponding relevant CBOT Treasury futures contracts are for delivery in June 2016 and September 2016.

All Treasury Invoice Swaps – both those currently listed for trading and the additional Treasury Invoice Swaps enabled for listing by rule amendments certified herein -- are intended to provide alternative trading protocols for Treasury invoice swap spread exposures, and to enable market participants to continue to trade such spread exposures in compliance with all applicable laws and regulations.

In what follows, Section 1 summarizes contract structure, and Section 2 discusses trading protocols. (Appendix A sets forth pertinent amendments to CBOT Rulebook Chapter 58, which codifies terms and conditions of CBOT Treasury Invoice Swaps.) Section 3 reviews ancillary amendments to CBOT

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<sup>1</sup> As certified to the Commission for first trade date of 15 December 2014. See *CFTC Regulation §40.2(a) Certification. Notification Regarding Listing of Treasury Invoice Swaps*, CBOT Submission No 14-455, 27 October 2014.

Rulebook Chapter 5 in regard to position accountability requirements and CME Globex non-reviewable price ranges. Section 4 addresses standards for block trading, with special attention to standards that apply to block trades in any intercommodity spread that entails both a Treasury Invoice Swap contract and the corresponding related CBOT Treasury futures contract. Section 5 describes applicable CME Globex and CME Clearing fees. Section 6 establishes that rule amendments certified herein comply with the applicable Core Principles (“Core Principles”) for DCMs set forth in the Commodity Exchange Act (“Act” or “CEA”).

## (1) Contract Specifications and Design

A Treasury invoice swap spread (“invoice spread”) transaction entails the simultaneous execution of a CBOT Treasury futures contract and a corresponding Treasury invoice swap,<sup>2</sup> such that (a) the fixed-rate payer’s (receiver’s) exposure in such Treasury invoice swap is counterposed to a long (short) position in a specified relevant Treasury futures contract, and (b) the interest rate sensitivity of the Treasury invoice swap exposure is approximately equal in magnitude, and opposite in sign, to the aggregate interest rate sensitivity of the Treasury futures exposure.<sup>3</sup>

Exhibits 1 and 2 summarize Ultra Ten-Year Treasury Invoice Swap Contracts specifications.

Similar to Treasury invoice swaps that are traded over the counter, any CBOT Treasury Invoice Swap listed for trading on CME Globex is standardized in terms of: (a) a specified related CBOT Treasury futures contract, (b) the coupon rate per annum and maturity date of a specified related Treasury security eligible for delivery in fulfillment of futures contract (a), and (c) a specified delivery date allowable under the terms of futures contract (a).<sup>4</sup>

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<sup>2</sup> A Treasury invoice swap is a US-dollar-denominated forward-starting Libor-reference IRS wherein:

The **fixed interest rate** is set with reference to a given Treasury delivery invoice yield, that is, the yield to maturity associated with the delivery invoice price for a specified Treasury futures contract, fulfilled by delivery of a specified deliverable-grade Treasury security, on a specified futures contract delivery date.

**Fixed-rate interest payment dates**, which occur semiannually, are scheduled so as to align with the coupon payment dates for the specified deliverable-grade Treasury security (typically, but not always, the Treasury issue that is either cheapest to deliver (CTD), or a close contender for CTD status, in fulfillment of the specified Treasury futures contract).

**Floating-rate interest payment dates**, which occur quarterly, also are scheduled so as to align with the coupon payment schedule for the specified deliverable-grade Treasury security.

The Treasury invoice swap is priced, quoted, and dealt in terms of the **swap spread**, the difference between the fixed interest rate for the Treasury invoice swap minus the Treasury delivery invoice yield.

<sup>3</sup> Market practitioners generally gauge such interest rate sensitivities in terms of the corresponding DV01s, where the DV01 is the (absolute) dollar value of a change of one basis point per annum, up or down, in the prevailing level of market yields.

<sup>4</sup> See Footnote 2.

## Exhibit 1 – CBOT Ultra Ten-Year Treasury Invoice Swap Contracts

(All times of day referenced here and elsewhere in this correspondence are Chicago time, unless otherwise noted.)

|                                |   |                    |                    |  |                    |                    |
|--------------------------------|---|--------------------|--------------------|--|--------------------|--------------------|
| <b>Trading Unit</b>            | A USD forward-starting Libor-reference interest rate swap, cleared by CME Clearing, traded on CME Globex, and standardized with reference to: (a) a specified related CBOT 10-Year U.S. Treasury Note (TN) futures contract; (b) coupon rate per annum and maturity date of a specified related Treasury security eligible for delivery into specified related futures contract (a); and (c) a specified related delivery date allowable under the terms of specified related futures contract (a). |                    |                    |  |                    |                    |
| <b>Swap Tenors</b>             | <i>Related CBOT Treasury Futures Contract</i>   |                    |                    | <i>Approximate IRS Tenor</i>             |                    |                    |
|                                | 10-Year U.S. Treasury Note (TN)   |                    |                    | 9 yrs 6 mos                              |                    |                    |
| <b>Effective Dates</b>         | Either first (F) or last (L) delivery date for the related CBOT Treasury futures contract   |                    |                    |  |                    |                    |
|                                | <i>F</i>  |                    |                    | <i>L</i>                                 |                    |                    |
|                                | First bus day of<br>Mar, Jun, Sep, or Dec   |                    |                    | Last bus day of<br>Mar, Jun, Sep, or Dec |                    |                    |
| <b>Price Basis</b>             | Swap spread, quoted in basis points per annum   |                    |                    |  |                    |                    |
| <b>Minimum Price Increment</b> | 1/10 <sup>th</sup> of one basis point per annum, eg, 11.8, 11.9, 12.0, 12.1   |                    |                    |  |                    |                    |
| <b>Termination of Trading</b>  | Coincident with termination of trading in the related Treasury futures contract, if the related delivery date is the related futures contract's last delivery date.   |                    |                    |  |                    |                    |
|                                | Close of trading on second business day before first delivery date of the related Treasury futures contract, if the related delivery date is the related futures contract's first delivery date.  |                    |                    |  |                    |                    |
| <b>Swap Elections</b>          | See Exhibit 2.  |                    |                    |  |                    |                    |
| <b>Trading Hours</b>           | CME Globex: 5pm to 4pm, Sun-Fri.<br>CME Globex Trade Match Algorithm: First In First Out (FIFO)<br>CME ClearPort: 5pm to 4pm, Sun-Fri. For submission of block trades only.   |                    |                    |  |                    |                    |
| <b>Product Codes</b>           | <i>Last Futures Delivery Date</i>   |                    |                    | <i>First Futures Delivery Date</i>       |                    |                    |
|                                | <i>1st Listing</i>  | <i>2nd Listing</i> | <i>3rd Listing</i> | <i>1st Listing</i>                       | <i>2nd Listing</i> | <i>3rd Listing</i> |
|                                | TNA   | TNB                | TNC                | TND                                      | TNE                | TNF                |

### Example

A hypothetical CBOT Ultra Ten-Year Treasury Invoice Swap may be specified in terms of CBOT TN futures for June 2016 delivery (TNM6) on the premise that the related Treasury note delivered in fulfillment of an expiring TNM6 contract will be the 2-1/4% of 15 November 2025, and that the related futures delivery date (and swap effective date) will be Thursday, 30 June 2016, the last allowable delivery day for TNM6. The swap tenor (from the swap effective date, 30 June 2016, to the related Treasury security maturity date, 15 November 2025) is approximately 9 years 4-1/2 months.

The fixed interest rate for any Treasury Invoice Swap is based on the invoice swap rate,  $r$ , established through centralized and competitive trading of the corresponding invoice spread package, as follows:

$$r = y + s$$

$r$  is the Treasury invoice swap fixed rate per annum, accruing on 30/360 day count basis.

$y$  is the delivery invoice yield of the corresponding specified CBOT TN futures contract, ie, the forward starting yield to maturity of a specified related Treasury security eligible for delivery in fulfillment of such futures contract, for forward start on a specified allowable

delivery date (either first delivery date or last delivery date) for such TN futures contract, with the forward starting yield based upon the CME Last (or “C-Last”) price of such TN futures contract as of the timestamp of the Treasury invoice swap transaction.<sup>5</sup>

s is the Treasury invoice swap spread.

**Exhibit 2 – CME Clearing Elections for CBOT Ultra Ten-Year Treasury Invoice Swaps**

|  |  |
|--|--|
| <b>Effective Date</b>                    | Either first delivery date or last delivery date allowable for a specified related CBOT 10-Year U.S. Treasury Note (TN) futures contract.  |
| <b>Currency</b>                          | USD  |
| <b>Notional Amount</b>                   | Minimum increments of \$0.01   |
| <b>Business Day(s)</b>                   | New York and London  |
| <b>Business Day Convention</b>           | Modified Following   |
| <b>Termination Date</b>                  | Maturity date for a specified related Treasury security eligible for delivery into the specified related CBOT TN futures contract  |
| <b>Fixed Rate Payment Dates</b>          | All semiannual period dates made with reference to Termination Date, within interval starting with (and excluding) Effective Date and ending with (and including) Termination Date.  |
| <b>Fixed Rate</b>                        | (Treasury futures contract delivery invoice yield)<br>+ (Treasury invoice swap spread / 100).  |
| <b>Fixed Rate Day Count</b>              | 30/360   |
| <b>Floating Rate Payment Dates</b>       | All quarterly period dates made with reference to Termination Date, within the interval starting with (and excluding) Effective Date and ending with (and including) Termination Date.   |
| <b>Floating Rate Option</b>              | USD-LIBOR-BBA  |
| <b>Floating Rate Designated Maturity</b> | 3-Month except for Initial Floating Rate Payment   |
| <b>Floating Rate Day Count</b>           | Actual/360   |
| <b>Floating Rate Spread</b>              | None   |
| <b>Compounding</b>                       | None   |
| <b>Initial Floating Rate Payment</b>     | (a) Set by linear interpolation, on the basis of actual/360 day count, with respect to New York and London Business Days subject to Modified Following Business Day Convention,<br><br>(b) applied to two (2) USD-LIBOR-BBA values for notional settlement on Effective Date,<br><br>(c) where one such USD-LIBOR-BBA value is for the standardized Designated Maturity date next preceding the date of the Initial Floating Rate Payment, and the other such USD-LIBOR-BBA value is for the standardized Designated Maturity date next following the date of the Initial Floating Rate Payment.<br><br>Interpolation typically will be applied to pairs of USD-LIBOR-BBA values for Designated Maturities of two (2) months and three (3) months, or of one (1) month and two (2) months, or of one (1) week and one (1) month. |

<sup>5</sup> The C-Last price for a CBOT Treasury futures contract is the contract’s latest trade price, or actionable price indication, or settlement price. Specifically, the C-Last price is the most recent of:

- (i) the contract’s latest CME Globex transaction price, or
- (ii) the CME Globex bid price that betters the bid side of the market, or
- (iii) the CME Globex asking price that betters the ask side of the market, or
- (iv) the contract’s latest daily settlement price.

In respect of items (ii) and (iii), a bid that betters the market is understood to be a bid to buy at a higher price than the incumbent C-Last price. Similarly, a better ask price is an offer to sell at a price below the preceding C-Last price.

The Treasury invoice swap spread,  $s$ , is the price measure by which a Treasury invoice swap is quoted and transacted. (Because the invoice swap spread is quoted in basis points per annum,  $s$  is the quoted spread divided by 100.)

**Example, cont'd**

On some arbitrarily chosen date in March 2016, consider TNM6 and the hypothetical corresponding Treasury Invoice Swap specified in terms of delivery of the 2-1/4% of 15 November 2025 Treasury note on 30 June 2016 (TNM6's last delivery date). Assume TNM6 is priced so that the forward-starting yield to maturity for the specified Treasury note is 1.9375 percent per annum. (This forward-starting yield is determined on the basis of (a) the delivery invoice amount for the specified Treasury note, which in turn is jointly implied by the futures contract's market price and the futures delivery conversion factor applicable to the specified Treasury note, and (b) the forward start date, which is specified to be the last futures delivery date, 30 June 2016.) Assume the related invoice swap spread is priced at -16.2 basis points (equal to -0.162 percent) per annum. The resultant Treasury invoice swap is booked at a fixed rate of 1.7755 percent per annum, equal to the Treasury delivery invoice yield of 1.9375 percent plus a swap spread of -0.1620 percent.

## (2) Trading Treasury Invoice Swap Contracts

Any party who executes or enters an order for a transaction in any CBOT Treasury Invoice Swap (including the Treasury Invoice Swaps for which terms and conditions are certified herein), or in any intercommodity spread comprising such Treasury Invoice Swap, shall be required to be either a CME IRS Clearing Member (CME Rule 90002.O.) or an IRS Participant (CME Rule 90002.U.) registered with CME.

Trading in all CBOT Treasury Invoice Swaps is subject to three provisional restrictions, codified as interpretations and special notices to the contract terms and conditions.

First, any Treasury Invoice Swap shall be permitted to trade *only* as a component of an intercommodity spread with the corresponding related Treasury futures contract, until such time as the Exchange may decide, in light of the needs of market participants (among other considerations), to enable outright trading in CBOT Treasury Invoice Swaps. Any party entering such Treasury Invoice Swap as the fixed-rate interest payer shall be required to be a purchaser of the related Treasury futures contract through an intercommodity spread. Conversely, any party entering such Treasury Invoice Swap as the fixed-rate interest receiver shall be required to be a seller of the related Treasury futures contract.

Second, the trading unit for any Treasury Invoice Swap shall be prescribed by the Exchange from time to time, so that the magnitude of such swap's notional principal amount is approximately comparable to the magnitude of the unit of trade for the corresponding related Treasury futures contract. Without limitation, the intent of this restriction is to enable the Exchange to establish a Treasury Invoice Swap's unit of trade so that its DV01 is approximately comparable to the DV01 of the related Treasury futures contract.

Third, the *only* admissible price basis for quoting or trading a Treasury Invoice Swap shall be the corresponding Treasury Invoice Swap spread, as described and exemplified in Section (1) above. Any Treasury Invoice Swap transacted at a given swap spread shall be submitted to CME Clearing for clearing and guarantee at a fixed rate equal to the sum of (a) the swap spread (in percent per annum terms) plus (b) the forward-starting yield to maturity of the related Treasury security, for forward start on the related Treasury futures delivery date, where such yield to maturity is based upon the C-Last price of the swap's specified Treasury futures contract as of the time of such Treasury Invoice Swap transaction.

Rule amendments certified herein, moreover, establish that the same price basis shall be the *only* admissible price basis for quoting or trading any intracommodity or intercommodity spread or combination of Treasury Invoice Swap spreads.

### (3) Ancillary Amendments to CBOT Rulebook Chapter 5

CBOT Treasury Invoice Swaps are not subject to position limits. Any Treasury Invoice Swap executed on the CBOT DCM shall be subject to a position accountability threshold of \$1, expressed in terms of the US dollar value of swap notional principal, as shown in Exhibit 3 (attached under separate cover). Non-reviewable ranges for trading in CBOT Treasury Invoice Swaps on CME Globex are set forth in Exhibit 4.

#### ***Exhibit 3 - Amendments to the Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CBOT Rulebook***

(Attached under separate cover.)

#### ***Exhibit 4 – Amendments to CBOT Rule 588.H. (“Globex Non-Reviewable Trading Ranges”)***

(Additions are shown in underline font.)

##### **Interest Rate Swaps**

| <b>Instrument</b>                                  | <b>Globex Symbol</b> | <b>Globex Non-Reviewable Ranges (NRR)</b> | <b>NRR: Globex Format</b> | <b>NRR: Ticks</b> |
|--|----------------------|---|---------------------------|-------------------|
| ...  | ...                  | ...                                       | ...                       | ...               |
| Two-Year Treasury Invoice Swap                     | TVA-F                | 1.2 basis points                          | 12                        | 12                |
| Five-Year Treasury Invoice Swap                    | FYA-F                | 0.8 basis points                          | 8                         | 8                 |
| Ten-Year Treasury Invoice Swap                     | TYA-F                | 0.8 basis points                          | 8                         | 8                 |
| <b><u>Ultra Ten-Year Treasury Invoice Swap</u></b> | <b><u>TNA-F</u></b>  | <b><u>0.8 basis points</u></b>            | <b><u>8</u></b>           | <b><u>8</u></b>   |
| Treasury Bond Invoice Swap                         | UTA-E,UET            | 0.8 basis points                          | 8                         | 8                 |
| Long-Term Treasury Bond Invoice Swap               | UBA-F                | 0.8 basis points                          | 8                         | 8                 |
| ...  | ...                  | ...                                       | ...                       | ...               |

### (4) Block Trade Standards

Any intermarket spread that combines (a) a CBOT Treasury Invoice Swap, including but not limited to the additional Treasury Invoice Swaps enabled by amendments certified herein, and (b) the corresponding relevant CBOT Treasury futures contract will be eligible for execution as a privately negotiated block trade, subject to the following two conditions --

First, the minimum size for each leg of such block transaction must be no less than the minimum size threshold for block transactions in such CBOT Treasury Invoice Swap (where minimum size is understood to apply to the aggregate of contract notional face value in the case of the CBOT Treasury futures component of such intercommodity spread, and to the size of swap notional principal in the case of the CBOT Treasury Invoice Swap component of such intercommodity spread).

Second, contingent trade in CME Cleared interest rate swaps (including any CBOT Treasury Invoice Swap) for which the effect would be to circumvent minimum quantity requirements for block trades in outright CBOT Treasury futures, is prohibited irrespective of the trading venue in which such CME Cleared interest rate swaps may be executed.



## Exhibit 5 – Block Trade Standards for CBOT Treasury Invoice Swap Contracts and Swap Spreads

| <i>Intercommodity Spread</i>        | <i>Minimum Block Trade Threshold --<br/>Invoice Swap Notional Principal<br/>Amount (\$ mlns)<sup>6</sup></i> | <i>Minimum Block Trade Threshold –<br/>Treasury Futures<br/>Contracts</i> |
|-------------------------------------|--|---|
| 2-Year Invoice Spread               | 460  | 2,300   |
| 5-Year Invoice Spread               | 240  | 2,400   |
| 10-Year Invoice Spread              | 170  | 1,700   |
| <b>Ultra 10-Year Invoice Spread</b> | <b>170</b>   | <b>1,700</b>  |
| Treasury Bond Invoice Spread        | 120  | 1,200   |
| Ultra Bond Invoice Spread           | 120  | 1,200   |

### (5) Exchange Fees

Fees applicable to trading and clearing of the additional CBOT Treasury Invoice Swaps enabled by amendments certified herein are as summarized below –

#### ***CME Globex execution fees***

A CME Globex transaction fee of \$0.10 per swap contract side per \$100,000 of notional principal amount is levied on any CBOT Treasury Invoice Swap transacted. This fee applies as a flat rate, irrespective of the CBOT membership category of any party to such transaction.

#### ***CME Clearing fees***

Any CBOT Treasury Invoice Swap shall be subject to such CME IRS Clearing fees (ie, the High Turnover Schedule, the Standard Fee Schedule, or the Magellan Dealer schedule) as may apply to any party to a transaction in such Treasury Invoice Swap. CME OTC Cleared IRS Customer Fees that are in effect at any given time are set forth at:

<http://www.cmegroup.com/trading/interest-rates/files/CME-IRS-Customer-Fee.pdf> or at  
<http://www.cmegroup.com/trading/interest-rates/cleared-otc-irs-customer-fees.html>

#### ***Block trade surcharges***

A surcharge of \$0.25 per swap contract side shall be levied per trading unit of any CBOT Treasury Invoice Swap made through a block transaction.

Any CBOT Treasury futures contract traded through an intercommodity spread with a CBOT Treasury Invoice Swap shall be subject to such applicable CBOT transaction fees, surcharges, and clearing fees as are in effect at the time of transaction. The CBOT Transaction Fee Schedules for Financial Products, and for Ex-Pit Surcharges, Non-Trades, and Clearing Fees in effect at any given time are set forth at:  
<http://www.cmegroup.com/company/clearing-fees/>

### (6) Compliance with Core Principles

The Exchange reviewed the designated contract market Core Principles as set forth in the CEA and staff identified that the Contracts may have some bearing on the following Core Principles:

#### ***Core Principle 2 – Compliance with Rules***

Trading in the Contracts shall be subject to CME Rulebook Chapter 4, which includes prohibitions against fraudulent, noncompetitive, unfair, and abusive practices. Additionally, trading in these contracts shall be

<sup>6</sup> See 17 CFR Part 43, Procedures To Establish Appropriate Minimum Block Sizes for Large Notional Off-Facility Swaps and Block Trades, 31 May 2013, effective 30 July, 2013, available at  
<http://www.cftc.gov/LawRegulation/DoddFrankAct/Dodd-FrankFinalRules/ssLINK/2013-16938a>



subject to the Exchange's trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. Trading activity in these contracts shall be subject to monitoring and surveillance by CME Group's Market Regulation Department, which has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

### **Core Principle 3 – Contracts Not Readily Subject to Manipulation**

Each CBOT Treasury Invoice Swap shall entail payment (receipt) of semiannual fixed interest amounts determined by reference to the swap fixed rate (established by means of centralized and competitive trading on the CBOT DCM) in exchange for receipt (payment) of quarterly floating interest amounts determined by reference to values of 3-month US Dollar ICE Libor on all but the first of such Treasury Invoice Swap's quarterly floating interest rate reset dates. (See Appendix A, Rules 58101.B.<sup>7</sup>)

Accordingly, whether CBOT Treasury Invoice Swaps are susceptible to manipulation rests on the integrity of 3-month US dollar ICE Libor. The following paragraphs review the administration, definition, calculation, and regulatory oversight of ICE Libor.

#### *Regulation and Administration of Libor*

In response to earlier findings of attempted manipulation of Libor, the UK Financial Services Act 2012 ("2012 Act") incorporated provisions to enable regulation of activities in relation to financial benchmarks. Upon passage of the 2012 Act, HM Treasury amended the Regulated Activities Order of the Financial Services and Markets Act 2000 to recognize as regulated activities both the administration of and the provision of information to specified benchmarks. These amended regulations took effect 1 April 2013, at which time Libor became a specified benchmark regulated by the UK Financial Conduct Authority (FCA).

On 17 January 2014 the FCA authorized ICE Benchmark Administration Limited ("IBA Ltd") to succeed BBA Libor Ltd as the administrator of Libor. IBA Ltd commenced operating as the Libor administrator under regulatory authority of the FCA on 1 February 2014.

#### *ICE Libor Defined*

As it has been for three decades, ICE Libor remains the primary gauge of the prevailing rate at which a leading bank can obtain unsecured funding in the London interbank market. IBA Ltd describe ICE Libor as providing "an indication of the average rate at which a Libor contributor bank can obtain unsecured funding in the London interbank market for a given period, in a given currency. Individual ICE Libor rates are the end-product of a calculation based upon submissions from Libor contributor banks.

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<sup>7</sup> For a given Treasury Invoice Swap the floating rate Designated Maturity shall be 3 months for all floating rate interest intervals entailed in such swap, with the exception of the initial floating rate interest interval (or "stub" interval), which typically will be shorter than 3 months. Accordingly, the terms and conditions for CBOT Treasury Invoice Swaps allow for the corresponding initial floating interest rate to be set as follows:

- (a) by linear interpolation, on the basis of actual/360 day count, with respect to New York and London Business Days subject to Modified Following Business Day Convention,
- (b) applied to two (2) USD-LIBOR-BBA values for notional settlement on Effective Date,
- (c) where one such USD-LIBOR-BBA value is for the standardized Designated Maturity date first preceding the date of the Initial Floating Rate Payment, and the other such USD-LIBOR-BBA value is for the standardized Designated Maturity date next following the date of the Initial Floating Rate Payment.

Such interpolation typically will be applied to USD-LIBOR-BBA values for one of three pairs of Designated Maturities: 2 months and 3 months, 1 month and 2 months, or 1 week and 1 month.

ICE Benchmark Administration maintains a reference panel of between 11 and 18 contributor banks for each currency calculated.” (See <https://www.theice.com/iba/libor>.)<sup>8</sup>

The definition and scope of Libor is subject to regular review for adequacy and representativeness by the Libor Oversight Committee, which IBA Ltd is required to empanel and to convene regularly.<sup>9</sup> IBA Ltd currently sets Libor daily at each of the overnight, 1-week, 1-month, 2-month, 3-month, 6-month, and 12-month tenors for each of Swiss franc, Euro, Pound Sterling, Japanese yen, and US dollar.

#### *Calculation of ICE Libor*

For daily settings of US dollar Libor, IBA Ltd relies upon a contributor panel of 18 contributor banks. Since 1 December 2011, these are:

|                                  |                                     |
|----------------------------------|-------------------------------------|
| Bank of America                  | JP Morgan Chase                     |
| Bank of Tokyo-Mitsubishi UFJ Ltd | Lloyds Banking Group                |
| Barclays Bank plc                | Rabobank                            |
| BNP Paribas                      | Royal Bank of Canada                |
| Citibank NA                      | Société Générale                    |
| Credit Agricole CIB              | Sumitomo Mitsui Banking Corporation |
| Credit Suisse                    | The Norinchukin Bank                |
| Deutsche Bank AG                 | The Royal Bank of Scotland Group    |
| HSBC                             | UBS AG                              |

The methodological framework that Libor contributor banks are required to uphold is set forth in the Submission Methodology Annex of the ICE LIBOR Code of Conduct.<sup>10</sup>

Each morning between 11:00am and 11:20am London time, a Benchmark Manager<sup>11</sup> responsible for each contributor bank’s formulation of its interest rate submissions transmits that bank’s submissions to IBA Ltd. No contributor bank can see other contributor bank’s submissions during this interval.

Upon scrutiny by IBA Ltd – including filtering for detection of outliers and anomalies and, if necessary, checking the validity of such outliers and anomalies with the respective contributor banks – these submissions are used to calculate ICE Libor in accordance with guidelines set forth in the ICE Libor Code of Conduct. Each Libor value is calculated as an interquartile mean. That is, for any given interest rate tenor and currency denomination, IBA Ltd rank the corresponding submission values in descending order, then trim out approximately the highest and lowest quartiles. For US Dollar Libor the trimming process is as follows:

Number of Contributor Banks: 18  
Trimming Methodology: Exclude 4 highest rates. Exclude 4 lowest rates.  
Number of Contributor Banks on which US Dollar ICE Libor is based: 10

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<sup>8</sup> The ICE Libor Code of Conduct defines Libor more formally as the interest rate, for a given term to maturity and currency denomination, that results when each contributor bank in the corresponding Libor contributor panel submits the answer to the following question: “At what rate could you borrow funds, were you to do so by asking for and then accepting inter-bank offers in a reasonable market size just prior to 11 am?” (See Section 3.1 of ICE LIBOR Code of Conduct at [https://www.theice.com/publicdocs/IBA\\_Code\\_of\\_Conduct.pdf](https://www.theice.com/publicdocs/IBA_Code_of_Conduct.pdf) .)

<sup>9</sup> See Chapter 8 of FCA Market Conduct Sourcebook at <http://fshandbook.info/FS/html/handbook/MAR/8>.

<sup>10</sup> See pp 23-26 of ICE LIBOR Code of Conduct at [https://www.theice.com/publicdocs/IBA\\_Code\\_of\\_Conduct.pdf](https://www.theice.com/publicdocs/IBA_Code_of_Conduct.pdf)

<sup>11</sup> Under FCA regulations, the role of Benchmark Manager is recognized as a Controlled Function (CF40). Accordingly, the Benchmark Manager at a given Libor contributor bank must be a natural person approved by the FCA to exercise the controlled function relating to the oversight of the bank’s compliance with Section 8.2 of the FCA Market Conduct Sourcebook (MAR), as required by MAR Section 8.2.3R. (See ICE Libor Code of Conduct, especially Section 1 and Section 2. See also FCA Market Conduct Sourcebook, Chapter 8, at <http://fshandbook.info/FS/html/handbook/MAR/8> .)

Remaining contributor bank rate submissions – approximately those within the interquartile range of the distribution of submitted values – are arithmetically averaged to create that day’s Libor value. At the conclusion of the process, IBA Ltd publishes the results via various licensed data vendors, generally around 11:45am London time.

#### ***Core Principle 4 – Prevention of Market Disruption***

Trading in the Contracts is subject to CBOT Rulebook Chapters 4 and 7, which include prohibitions on manipulation and price distortion. As with any product listed for trading on a CME Group DCM, trading activity in Treasury Invoice Swap contracts is subject to monitoring and surveillance by CME Group’s Market Regulation Department.

#### ***Core Principle 5 – Position Limits or Accountability***

The Contracts are financially-settled contracts that are based on an excluded commodity. Accordingly, these swaps are not subject to Exchange-set position limits. Rather, any such Treasury Invoice Swap executed on the CBOT DCM is subject to a position accountability threshold of \$1, expressed in terms of the US dollar value of swap notional principal value. See Section (3) above.

#### ***Core Principle 7 – Availability of General Information***

The Exchange shall publish on its website information in regard to the Contract specifications, terms, and conditions, as well as daily trading volumes in such swaps, the outstanding notional principal amounts of such swaps, and price information.

#### ***Core Principle 8 – Daily Publication of Trading Information***

The Exchange shall publish on its website, and through quote vendors, information in regard to daily trading volumes of the Contracts, the outstanding notional principal amounts of such swaps, and price information.

#### ***Core Principle 9 – Execution of Transactions***

The Contracts are listed for trading on CME Globex solely as components of intercommodity spreads, as discussed in Section (2) above. CME Globex provides for competitive and open execution of transactions, and affords the benefits of reliability and global connectivity. Block trades are permitted, as described in Section (4) above. CME Globex non-reviewable trading ranges for the Treasury invoice swaps certified herein are set forth in Section (3) above.

#### ***Core Principle 10 – Trade Information***

All requisite trade information shall 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 Transactions***

Any CBOT Treasury Invoice Swap shall be cleared by CME Clearing as an IRS Product subject to the Clearing House financial safeguards provided by the IRS Guaranty Fund. CME Clearing is registered with the Commission as a Derivatives Clearing Organization and 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 Treasury invoice swap contracts certified herein.

#### ***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 Contracts is subject to these provisions. The Market Regulation Department has the authority to exercise its powers of enforcement, in the event that rule violations in these products are identified.

**Core Principle 14 – Dispute Resolution**

Disputes with respect to Treasury Invoice Swap contracts will be subject to the arbitration provisions set forth in CBOT Rulebook Chapter 6, which allow all nonmembers to submit claims for financial losses resulting from transactions on the Exchange to arbitration. 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 CFTC Regulation 40.2(a), the Exchange hereby certifies that listing the Contracts complies with the Act, including regulations under the Act. There were no substantive opposing views to the listing of the Contracts.

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 the undersigned 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

Attachments: Appendix A: CBOT Rulebook Chapter 58 (“Treasury Invoice Swaps”) (blackline format)  
Appendix B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CBOT Rulebook (attached under separate cover)

## **Appendix A**

### **CBOT Rulebook Chapter 58 Treasury Invoice Swaps**

(Additions are underlined. Deletions are ~~struck through~~.)

#### **58100. SCOPE OF CHAPTER**

This chapter is limited in application to trading of Treasury Invoice Interest Rate Swaps (“Treasury Invoice Swaps”). Procedures for trading, clearing, settlement, and any other matters not specifically covered herein, shall be governed by the general rules of the Exchange and of Chicago Mercantile Exchange (“CME”) Rulebook Chapters 8F, 8G, 900, and 901, as applicable (“Rules”).

Capitalized terms in this Chapter that are not otherwise defined in this Chapter shall have the meanings given to such terms in other Chapters of the Rules. Except as noted, references in this Chapter to Rules or Chapters shall be to the Rules of the CBOT or to the Chapters of the CBOT Rulebook. Capitalized terms in this Chapter that are not otherwise defined in this Chapter or in the other Chapters of the Rules shall have the meanings set forth in the ISDA Definitions (CME Rule 90002.N.).

Except as noted, all times referenced in this Chapter are Chicago times and are subject to change by the Exchange.

#### **58101. CONTRACT SPECIFICATIONS**

##### **58101.A. Definitions**

###### **1. CBOT Treasury Futures Contract**

Short-Term U.S. Treasury Note (2-Year) futures (Chapter 21), Medium-Term U.S. Treasury Note (5-Year) futures (Chapter 20), Long-Term U.S. Treasury Note (6 ½ to 10-Year) futures (Chapter 19), 10-Year U.S. Treasury Note futures (Chapter 26), U.S. Treasury Bond futures (Chapter 18), or Long-Term U.S. Treasury Bond futures (Chapter 40) listed for trading on the CBOT.

###### **2. Related Futures Contract**

For a given Treasury Invoice Swap made under these rules, a given CBOT Treasury Futures Contract (Rule 58101.A.1.) for a given delivery month as specified in the Swap Elections for such Treasury Invoice Swap, including but not limited to the Effective Date (Rule 58101.B.1.), Fixed Rate Payment Dates (Rule 58101.B.7.), Floating Rate Payment Dates (Rule 58101.B.10.), and Initial Floating Rate Payment (Rule 58101.B.16.).

###### **3. Related Treasury CUSIP**

A given Treasury security designated by the Exchange as eligible for delivery in fulfillment of the Related Futures Contract (Rule 58101.A.2.).

###### **4. Related Futures Delivery Date**

A given date allowable for delivery of Treasury securities in fulfillment of the Related Futures Contract (Rule 58101.A.2.). Without limitation to the foregoing, such Related Futures Delivery Date typically shall be either the first delivery date or the last delivery date allowable under the terms of such Related Futures Contract.

###### **5. Treasury Delivery Invoice Yield**

The yield to maturity that corresponds to the delivery invoice amount implied by the market price of a given Related Futures Contract (Rule 58101.A.2.), to be fulfilled by delivery of a specified Related Treasury CUSIP (Rule 58101.A.3.) for settlement on a specified Related Futures Delivery Date (Rule 58101.A.4.).

## **6. Swap Spread**

The price of an intercommodity spread comprising a Treasury Invoice Swap and the corresponding Related Futures Contract (Rule 58101.A.2.), expressed as the difference between the Fixed Rate (Rule 58101.B.8) for such Treasury Invoice Swap minus a Treasury Delivery Invoice Yield (specified subject to Rule 58101.A.5.) for such Related Futures Contract.

A party entering such intercommodity spread as the buyer shall be the payer of Fixed Rate interest (Rule 58101.B.8.) in such Treasury Invoice Swap and shall be the purchaser of such Related Futures Contract. A party entering such intercommodity spread as the seller shall be the receiver of Fixed Rate interest in such Treasury Invoice Swap and shall be a seller of such Related Futures Contract.

### **58101.B. Swap Elections**

Any contract made under these Rules shall be an Interest Rate Swap Contract ("IRS Contract" per CME Rule 90002.J.) that is accepted for clearing by the Clearing House subject to CME Rulebook Chapters 8F, 8G, 900, and 901, and that is subject to the following Contract Elections (CME Rule 90002.F.):

1. Effective Date: A specified Related Futures Delivery Date (Rule 58101.A.4.) for a specified Related Futures Contract (Rule 58101.A.2.).
2. Currency: US dollars (CME Rule 90102.B.).
3. Notional Amount: Any integer multiple of \$0.01.
4. Business Day(s): New York and London.
5. Business Day Convention: Modified Following.
6. Termination Date: Maturity date of a given Related Treasury CUSIP (Rule 58101.A.3.).
7. Fixed Rate Payment Dates: All semiannual period dates, made with reference to a given Termination Date (Rule 58101.B.6.), in the interval beginning with and not including the Effective Date (Rule 58101.B.1.) and ending with and including such Termination Date.
8. Fixed Rate: See Rule 58102.C.
9. Fixed Rate Day Count: 30/360.
10. Float Rate Payment Dates: All quarterly period dates, made with reference to a given Termination Date (Rule 58101.B.6.), in the interval beginning with and not including the Effective Date (Rule 58101.B.1.) and ending with and including such Termination Date.
11. Floating Rate Option: USD-LIBOR-BBA (CME Rule 90102.E.1.).
12. Designated Maturity: Three (3) months, subject to Rule 58101.B.16.
13. Floating Rate Day Count: Actual/360.
14. Spread: None.
15. Compounding: None.
16. Initial Float Rate Payment: The floating rate for determination of the Initial Floating Rate Payment shall be set:

- (a) by linear interpolation, on the basis of Actual/360 Floating Rate Day Count (Rule 58101.B.13.) with respect to New York and London Business Days (Rule 58101.B.4.) subject to the Modified Following Business Day Convention (Rule 58101.B.5.),
- (b) applied to two (2) USD-LIBOR-BBA values for notional settlement on the Effective Date (Rule 58101.B.1.),
- (c) where one such USD-LIBOR-BBA value is for the standardized Designated Maturity date next preceding the date of such Initial Floating Rate Payment, and the second such USD-LIBOR-BBA value is for the standardized Designated Maturity date next following the date of such Initial Floating Rate Payment.

Without limitation to the foregoing, such interpolation typically will be applied to pairs of USD-LIBOR-BBA values for Designated Maturities of two (2) months and three (3) months, or of one(1) months and two (2) months, or of one (1) week and one (1 ) month.

## **58102. TRADING SPECIFICATIONS**

For Treasury Invoice Swap contracts made under these Rules, the number of Effective Dates (Rule 58101.B.1.) and Termination Dates (Rule 58101.B.6.) open for trading at a given time shall be determined by the Exchange.

Trading in any Treasury Invoice Swap contract made under these Rules shall be subject to the Interpretations & Special Notices Relating to Chapter 58.

### **58102.A. Trading Schedule**

The hours of trading shall be determined by the Exchange.

### **58102.B. Trading Unit**

The contract quantity shall be an integer multiple of \$0.01 of Notional Amount (Rule 58101.B.3.), subject to the Interpretations & Special Notices Relating to Chapter 58.

### **58102.C. Price Basis**

Any price quoted or made in connection with creation of a Treasury Invoice Swap contract under these Rules shall be in terms of the Fixed Rate for such swap (Rule 58101.B.8.), subject to the Interpretations & Special Notices Relating to Chapter 58.

### **58102.D. Position Limits and Position Accountability**

The applicable position limits and/or accountability levels are set forth in the Position Limit and Position Accountability 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.

### **58102.E. Termination of Trading**

Trading on the CBOT in any Treasury Invoice Swap made under these Rules shall terminate with termination of trading in the Related Futures Contract (Rule 58101.A.2.) corresponding to such Treasury Invoice Swap.



## 58103. CLEARING GUARANTEE

### 58103.A. Requirements for Market Participation

Any party entering an order for, or executing a transaction in, any Treasury Invoice Swap made under these Rules shall be either an IRS Clearing Member (CME Rule 90002.I) or an IRS Participant registered with CME pursuant to CME Rule 90005.A or CME Rule 90005.B., respectively.

### 58103.B. IRS Product Account Registration

Any order for, or transaction in, a Treasury Invoice Swap made under these Rules must be identified with an IRS Product account number that identifies the holder of such IRS Product account, and that specifies whether such IRS Product account is either (1) a proprietary account of an IRS Clearing Member or (2) held by a customer registered with CME by an IRS Clearing Member as an IRS Participant (CME Rule 8F009. and CME Rule 90005.B.). Such IRS Clearing Member shall guarantee and assume complete responsibility for the financial obligations of the party on whose behalf such order or trade is entered.

### 58103.C. Clearing House Financial Safeguards

Any Treasury Invoice Swap made under these Rules shall be an IRS Product subject to the Clearing House financial safeguards provided by the IRS Guaranty Fund.

## INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 58

### 1. Trading Specifications

Until such time as the Exchange shall enable outright trading in Treasury Invoice Swap contracts made under these Rules, trading in any such Treasury Invoice Swap contract shall be permitted only where such Treasury Invoice Swap contract is traded as a component of ~~an a Swap Spread (Rule 58101.A.6.) comprising intercommodity combination with~~ the corresponding Related Futures Contract (Rule 58101.A.2.) ~~in which (a) any party entering such Treasury Invoice Swap as the payer of Fixed Rate interest (Rule 58101.B.8.) shall be a purchaser of such Related Futures Contract, and (b) any party entering such Treasury Invoice Swap as the receiver of Fixed Rate interest shall be a seller of such Related Futures Contract.~~

### 2. Trading Unit

Subject to Special Notice 1. for Trading Specifications of these Interpretations & Special Notices, the Trading Unit for any Treasury Invoice Swap contract made under these Rules shall be as prescribed by the Exchange from time to time.

Without limitation to the foregoing, the Exchange typically shall prescribe the Trading Unit for such Treasury Invoice Swap contract so that the order of magnitude of the corresponding Notional Amount (Rule 58101.B.3.) shall be comparable to the order of magnitude of the Trading Unit for the corresponding Related Futures Contract. (See CBOT Rule 21102.B. where such Related Futures Contract is Short-Term U.S. Treasury Note (2-Year) futures, CBOT Rule 20102.B. where such Related Futures Contract is Medium-Term U.S. Treasury Note (5-Year) futures, CBOT Rule 19102.B. where such Related Futures Contract is Long-Term U.S. Treasury Note (6 ½ to 10-Year) futures, CBOT Rule 26102.B. where such Related Futures Contract is 10-Year U.S. Treasury Note futures, CBOT Rule 18102.B. where such Related Futures Contract is U.S. Treasury Bond futures, or CBOT Rule 40102.B. where such Related Futures Contract is Long-Term U.S. Treasury Bond futures.)

### 3. Price Basis

Subject to Special Notice 1. for Trading Specifications of these Interpretations & Special Notices, the Price Basis for any Treasury Invoice Swap contract made under these Rules shall be the corresponding Swap Spread (Rule 58101.A.6.). ~~Such Swap Spread, or any spread or combination consisting of such Swap Spreads,~~ shall be quoted and made as an integer multiple of one tenth (1/10) of one interest rate basis point per annum (1/100th of one percent per annum, eg, 10.9, 11.0, 11.1, or 11.2 basis points per annum), on the basis of 30/360 day count (Rule 58101.B.9.), with semiannual compounding of interest (Rule 58101.B.7.). ~~Any such Swap Spread shall be quoted in a minimum increment of one tenth (1/10) of one basis point per annum (eg, 10.9, 11.0, 11.1, or 11.2 basis points per annum).~~

Where a Treasury Invoice Swap contract is made at a given Swap Spread:

**3.a.** The **Fixed Rate** of interest (Rule 58101.B.8.) for such Treasury Invoice Swap contract shall be the sum of such Swap Spread (Rule 58101.A.6.), re-expressed in terms of interest rate per annum, plus the corresponding Treasury Delivery Invoice Yield (Rule 58101.A.5.).

*Example:* Assume that a given CBOT Treasury Invoice Swap trades at a price equal to 11.2 basis points per annum or, equivalently, 0.112 percent per annum. Assume moreover that for the corresponding Related Futures Contract, Related Treasury CUSIP, and Related Futures Delivery Date, the Treasury Delivery Invoice Yield is equal to 2.550 percent per annum. Then such Treasury Invoice Swap shall be submitted to CME Clearing for centralized clearing and guarantee at a Fixed Rate of 2.662 percent per annum, equal to 2.550 percent plus 0.112 percent.

~~**3.b.** Such **corresponding Treasury Delivery Invoice Yield** shall be defined as the yield to maturity that corresponds to the delivery invoice amount implied by the market price of the corresponding Related Futures Contract (Rule 58101.A.2.), to be fulfilled by delivery of the corresponding Related Treasury CUSIP (Rule 58101.A.3.) for settlement on the corresponding Related Futures Delivery Date (Rule 58101.A.4.).~~

**3.be.** Such **market price of the corresponding Related Futures Contract** shall be defined as the CME Last price of such Related Futures Contract, as indicated on the CME Globex electronic trading platform at the time of transaction of such Treasury Invoice Swap contract. Without limitation to the foregoing, for a given Related Futures Contract the CME Last price shall be the most recent of:

- (i) such Related Futures Contract's latest CME Globex transaction price, or
- (ii) the CME Globex bid price that betters the bid side of the market, or
- (iii) the CME Globex asking price that betters the ask side of the market, or
- (iv) such Related Futures Contract's latest daily settlement price.

**Appendix B**

**Position Limit, Position Accountability, and Reportable Level Table in Chapter 5  
of the CBOT Rulebook**

(Attached under separate cover.)