

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 15-572 (4 of 5)

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): 12/22/2015 Filing Description: Initial Listing of 10-Year U.S. Treasury Note Futures and Options Contracts

**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 checked="" 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     |

Official Product Name: See filing.

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

- |                          |   |                      |
|--------------------------|---|----------------------|
| <input 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:

Rule Numbers:

December 22, 2015

**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 40.2(a) Certification. Notification Regarding the Initial Listing of 10-Year U.S. Treasury Note Futures and Options Contracts.  
CBOT Submission No. 15-572 (4 of 5)**

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the initial listing of the 10-Year U.S. Treasury Note futures and options contracts ("the Contracts"), effective on Sunday, January 10, 2016 for trade date Monday, January 11, 2016 for trading on the CME Globex Electronic Trading Platform ("CME Globex") and for submission for clearing via CME ClearPort. The options contracts will also be available for trading on the CBOT trading floor.

**10-Year U.S. Treasury Note Futures**

The CBOT has designed the 10-Year U.S. Treasury Note futures contract as a complement to the Exchange's extant Treasury Note and Bond futures contracts.

10-Year U.S. Treasury Note futures will have a \$100,000 notional contract size, a minimum tick size of one half of one thirty-second of one price point (\$15.625), and contract expirations in the March, June, September, and December quarterly cycle. In addition, the Exchange has made futures contract eligible for block, all-or-none (AON), 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 10-Year U.S. Treasury Note futures.

Like its Treasury futures counterparts, the 10-Year U.S. Treasury Note 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 U.S. Treasury notes that have remaining term to maturity of not less than 9 years and 5 months from the first day of the contract delivery month, and not greater than 10 years. As an example, the March 2016 expiry--which the Exchange intends as the first 10-Year U.S. Treasury Note futures contract expiry to be listed for trading--is projected to have a deliverable basket of three cash securities that will have a combined notional amount of \$177 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 \$66 billion—the greatest outstanding notional within the U.S. Treasury Note and Bond futures complex.

Each expiring 10-Year U.S. Treasury Note futures contract will cease trading on the seventh business day preceding the last business day of its delivery month. The futures contract's last delivery day will be the last business day of the delivery month.

10-Year U.S. Treasury Note futures will have position accountability of 7,500 futures contracts prior to the last ten trading days of a contract expiry, position limits of 90,000 futures contracts during the last ten trading days of a contract expiry, and a reportable position limit of 2,000 contracts. The futures contract will not have price limits.

Three quarterly expiries shall be listed for trading in the futures contract. Accordingly, at the introduction of these contracts on January 11, 2016, quarterly delivery months listed for trading shall be March 2016, June 2016, and September 2016.

### **Standard and Weekly Options on 10-Year U.S. Treasury Note Futures**

As with the proposed 10-Year U.S. Treasury Note futures contract, the contract specifications of the standard options on the proposed futures contract will largely mirror the specifications of the standard options on Long-Term U.S. Treasury Note futures. Each standard option will exercise into one 10-Year futures contract of a specified delivery month, and will trade in a minimum tick size of one sixty-fourth of one point (\$15.625). Standard options will have serial and quarterly expirations, will feature American-style exercise, and will have 50 strike prices listed, in intervals of one-half of one point, above and below the at-the-money strike price.

Weekly American-style options will be listed for each five consecutive weeks, expiring on Fridays. If the Friday is also the last trading day of a monthly serial or quarterly Treasury option, there will be no Weekly Treasury option listed for trading on that expiration date.

### **Flexible Options on 10-Year U.S. Treasury Note Futures**

Flexible options on 10-Year U.S. Treasury Note futures offer both American-style and European-Style option exercise and will have a minimum tick size of one sixty-fourth of one point (\$15.625).

A flexible option may exercise into any 10-Year U.S. Treasury Note futures delivery month that is listed for trading. Each flexible option, however, must exercise into futures for delivery in the March quarterly cycle month next following the option expiration date.

Flexible options may be specified with strike prices listed in full points and 32nds of points, either on an outright futures contract basis or relative to the price of the underlying futures contract. Flexible options strike prices can be any strike that is not beyond the range of currently listed strike prices for the standard options.

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that the listing of the Contracts may have some bearing on the following Core Principles:

- **Compliance with Rules**

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

- **Contracts Not Readily Subject to Manipulation**

The futures contract is contingent on the notional face value of the three most recently issued 10-year notes and their availability to market in the cash market. In recent years, the face value

of these three issues has typically been around \$177 bln, of which the face value of the note with shortest remaining term to maturity at delivery – the CUSIP most likely under prevailing market conditions to emerge as cheapest to deliver -- represents around \$66 bln (roughly equivalent to 660,000 TN futures). Contributing to their ready availability is that such original-issue 10-year notes tend not be favored for stripping into TINT and TPRN components. Such notes, moreover, tend not to be held by the Federal Reserve System Open Market Account (SOMA) for implementation of monetary policy. Given that the notes that are characteristically deliverable into an expiring TN futures contract are among the largest individual CUSIPs in the universe of Treasury note and bonds, it is improbable that a market participant who attempts to manipulate, squeeze, or congest a TN contract delivery by hoarding or cornering the deliverable supply would escape detection.

- **Prevention of Market Disruption**

Trading in the Contracts shall be subject to CBOT Rulebook Chapters 4 and 7, which include prohibitions on manipulation, price distortion, and disruption to the physical delivery process. As with any new product listed for trading on a CME Group designated contract market, trading activity in the Contracts will be subject to monitoring and surveillance by CME Group's Market Regulation Department.

- **Position Limits or Accountability**

Position accountability thresholds for the Contracts 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 F.

- **Availability of General Information**

The Exchange shall publish on its website information in regard to futures contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information.

- **Daily Publication of Trading Information**

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

- **Financial Integrity of Contracts**

All contracts traded on the Exchange will be cleared by the Clearing House of the Chicago Mercantile Exchange Inc. which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.

- **Execution of Transactions**

10-Year U.S. Treasury Note futures will be listed for trading on CME Globex. The CME Globex platform provides a transparent, open, and efficient mechanism to electronically execute trades on screen. Standard and Flexible Options on 10-Year U.S. Treasury Note futures will be listed for trading on CME Globex and on the CBOT trading floor.

- **Trade Information**

All required trade information is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.

- **Protection of Market Participants**

Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in the Contracts.

- **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 shall 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 these products are identified.

- **Dispute Resolution**

Disputes with respect to the Contracts shall 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 certifies that the listing of the Contracts complies with the Act and rules 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-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: 10-Year U.S. Treasury Note Futures Contract Specifications  
Appendix B: CBOT Rulebook Chapter 26: 10-Year U.S. Treasury Note Futures  
Appendix C: Options on 10-Year U.S. Treasury Note Futures Contract Specifications  
Appendix D: CBOT Rulebook Chapter 26A: Standard Options on 10-Year U.S. Treasury Note Futures  
Appendix E: CBOT Rulebook Chapter 26B: Flexible Options on 10-Year U.S. Treasury Note Futures  
Appendix F: CBOT Rulebook Chapter 5: Position Limit and Accountability Levels (attached under separate cover)  
Appendix G: CBOT Rulebook Chapter 588.H. ("Globex Non-Reviewable Trading Ranges")  
Appendix H: CBOT Rulebook Chapter 589. ("Special Price Fluctuation Limits")  
Appendix I: 10-Year U.S. Treasury Note Futures and Options CBOT Fee Schedule

## Appendix A

### 10-Year U.S. Treasury Note Futures Contract Specifications

<b>Trading Unit</b>	One (1) U.S. Treasury note having a face value at maturity of \$100,000 or multiples thereof.
<b>Deliverable Grade</b>	Original issue 10-Year Treasury notes with not less than 9 years 5 months and not more than 10 years of remaining term to maturity from first day of futures delivery month.
<b>Delivery Months</b>	Nearest 3 months in the March-June-September-December quarterly cycle.
<b>Conversion Factor</b>	The invoice price equals the futures settlement price times a conversion factor plus accrued interest. The conversion factor is the price of \$1 par value of the delivered note to yield 6 percent per annum.
<b>Price Basis</b>	Points and fractions of points, with par on the basis of 100 points. For example, 91-16 represents 91 and 16/32, 91-17 represents 91 and 17/32, and 91-18 represents 91 and 18/32.
<b>Contract Size</b>	\$1,000 per point (\$100,000 per contract)
<b>Minimum Price Increment</b>	½ of 1/32nd point (\$15.625 per contract). Minimum increment for inter-month spreads will be ¼ of 1/32nd point (\$7.8125 per contract).
<b>Last Trading Day</b>	Seventh business day preceding the last business day of the delivery month. Trading in expiring contracts terminates at 12:01 p.m. Chicago time on the last trading day.
<b>Last Delivery Day</b>	Last business day of the delivery month.
<b>Delivery Method</b>	Federal Reserve book-entry wire-transfer system.
<b>Trade Matching Algorithms</b>	F: FIFO for outright transactions K: Split FIFO/Pro Rata, with settings of 20% FIFO and 80% Pro Rata for calendar spreads.
<b>Block Trade Thresholds and Reporting Requirements</b>	RTH 5,000+ contracts ETH 2,500+ contracts ATH 1,250+ contracts  Block trades executed during RTH must be reported to the Exchange by the seller within 5 minutes of transaction. Block trades executed during ETH or ATH must be reported to the Exchange by the seller within 15 minutes of transaction.
<b>Trading Hours and Venue</b>	<i>CME Globex</i> : 5:00 p.m. to 4:00 p.m. Central Time (CT), Sun-Fri. <i>CME ClearPort</i> : 5:00 p.m. to 4:00 p.m. CT, Sun-Fri.
<b>Commodity Code</b>	TN

## Appendix B

### CBOT RULEBOOK

#### Chapter 26

#### 10-Year U.S. Treasury Note Futures

##### 26100. SCOPE OF CHAPTER

This chapter is limited in application to trading of 10-Year U.S. Treasury Note 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.

##### 26101. CONTRACT SPECIFICATIONS

###### 26101.A. Contract Grade

The contract grade for delivery on futures made under these Rules shall be U.S. Treasury fixed-principal notes 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 10 years; and
- (b) a remaining term to maturity of not less than 9 years 5 months.

For the purpose of determining a U.S. Treasury note'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, and shall be rounded down to the nearest three-month increment (e.g., 9 years 10 months 17 days shall be taken to be 9 years 9 months). New issues of U.S. Treasury notes 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.

###### 26101.B. Physical Delivery

Each individual contract lot that is delivered must be composed of one and only one contract grade Treasury note issue. The amount at which the short Clearing Member making delivery shall invoice the long Clearing Member taking delivery of said notes (Rule 26105.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 26104.A.).  $P$  shall be expressed in points and fractions of points with par on the basis of 100 points (Rule 26102.C.); and

$c$  is a conversion factor equal to the price at which a note with the same time to maturity as said note and with the same coupon rate as said note, 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 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 26102.B.

## **26102. TRADING SPECIFICATIONS**

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

### **26102.A. Trading Schedule**

The hours for trading shall be determined by the Exchange. On the last day of trading in an expiring contract (Rule 26102.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.

### **26102.B. Trading Unit**

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

### **26102.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-half of one thirty-second of one point (equal to \$15,625 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.

### **26102.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.

### **26102.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.

### **26102.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 26103.); 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.

## **26103. DATE OF DELIVERY**

Delivery of contract grade U.S. Treasury notes 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.



**26104. DELIVERIES ON EXPIRING FUTURES CONTRACTS**

Deliveries against expiring contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Rule 26109.) 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 26103.).

All deliveries must be assigned by the Clearing House.

**26104.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.

**26104.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 notes (Rules 26101.A. and 26105.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 26105.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 notes (Rules 26101.A. and 26105.) 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 notes by book entry, on a delivery versus payment basis (Rule 26107.), 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 notes must be transferred, and payment must be made.

**26105. SELLER'S INVOICE NOTIFICATION TO BUYER**

**26105.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 26104.A.). Said invoices shall:

(a) identify the U.S. Treasury notes 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 notes, based on the delivery prices established by the Clearing House, and adjusted for accrued interest (Rule 26101.B.).

**26105.B. Day of Notification**

In the case of deliveries to be made prior to the last permissible day of delivery (Rule 26103.), 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.

**26106. 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.

**26107. 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 notes to be tendered for delivery (Rule 26105.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.

**26108. 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 notes being delivered as accrues between the day on which the notes were originally to be delivered and the day on which the notes 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 26104. and 26107. and that they complied with all other provisions of Rules 26104. and 26107.

**26109. BANKS**

For purposes of these Rules "qualified bank" (Rule 26104.) 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 C

### 10-Year U.S. Treasury Note Options Contract Specifications

#### Standard Options

<b>Contract Size</b>	One (1) 10-Year U.S Treasury Note Future (TN).						
<b>Contract Months</b>	The first three consecutive contract months (two serial expirations and one quarterly expiration) plus the next two months in the quarterly cycle (March, June, September, December). Serials will exercise into the first nearby quarterly futures contract. Quarterlies will exercise into futures contracts of the same delivery period. For example, January, February and March options exercise into the March futures contract.						
<b>Minimum Trade Increment</b>	1/64 <sup>th</sup> of a point (\$15.625 per contract), rounded to the nearest cent/contract. For cabinet transactions only, minimum tick sizes range from \$1.00 to \$15.00, in \$1.00 increments per option contract.						
<b>Strike Price Interval</b>	Strike prices will be listed in increments of one-half of one point. The minimum strike price range will include the at-the-money strike price closest to the current futures price plus the next fifty consecutive higher and the next fifty consecutive lower strike prices.						
<b>Last Trading Day</b>	Options cease trading on the last Friday, which precedes by at least two business days, the last business day of the month preceding the option month.						
<b>Expiration</b>	On the last trading day, trading in expiring options ceases at the close of the regular CME Globex trading session for the corresponding futures contract. Unexercised options shall expire at 7:00 p.m. Central Time (CT) on the last trading day.						
<b>Exercise Style</b>	American Style: The buyer of an option may exercise the option on any business day prior to expiration by giving notice to CME Clearing by 6:00 p.m. CT. Options that expire in-the-money are automatically exercised after 6:00 p.m. CT, into a futures position, unless specific instructions are given to CME Clearing. Exercise, whether voluntary or automatic, is determined in relation to the daily settlement price of the underlying futures price at 2:00 p.m. CT.						
<b>Block Trade Thresholds and Reporting Requirements</b>	<table><tr><td>RTH</td><td>7,500+ contracts</td></tr><tr><td>ETH</td><td>3,750+ contracts</td></tr><tr><td>ATH</td><td>1,875+ contracts</td></tr></table> <p>Block trades executed during RTH must be reported to the Exchange by the seller within 5 minutes of transaction. Block trades executed during ETH or ATH must be reported to the Exchange by the seller within 15 minutes of transaction.</p>	RTH	7,500+ contracts	ETH	3,750+ contracts	ATH	1,875+ contracts
RTH	7,500+ contracts						
ETH	3,750+ contracts						
ATH	1,875+ contracts						
<b>Trading Hours and Venue</b>	<i>CME Globex:</i> 5:00 p.m. to 4:00 p.m. CT, Sun-Fri. <i>Open Outcry:</i> 7:20 a.m. to 2:00 p.m. CT, Mon-Fri						
<b>Commodity Code</b>	<i>CME Globex:</i> OTN <i>Open Outcry:</i> OTN						

## Weekly Options

<b>Contract Size</b>	One (1) 10-Year U.S Treasury Note Future (TN).						
<b>Minimum Trade Increment</b>	1/64th of a point (\$15.625 per contract), rounded to the nearest cent/contract. For cabinet transactions only, minimum tick sizes range from \$1.00 to \$15.00, in \$1.00 increments per option contract.						
<b>Strike Price Interval</b>	Strike prices will be listed in increments of one-half of one point. The minimum strike price range will include the at-the-money strike price closest to the current futures price plus the next fifty consecutive higher and the next fifty consecutive lower strike prices.						
<b>Last Trading Day</b>	<p>Week 1 - 1st Friday of the month            Week 2 - 2nd Friday of the month            Week 3 - 3rd Friday of the month            Week 4 - 4th Friday of the month            Week 5 - 5th Friday of the month</p> <p>A given Friday that is not also the last trading day of a monthly serial or quarterly Treasury option. If such a Friday is the last trading day of a monthly serial or quarterly Treasury option, there will be no Weekly Treasury option listed for trading for that expiration date.</p>						
<b>Expiration</b>	On the last trading day, trading in expiring options ceases at the close of the regular CME Globex trading session for the corresponding futures contract. Unexercised options shall expire at 7:00 p.m. Central Time (CT) on the last trading day.						
<b>Exercise Style</b>	American Style: The buyer of an option may exercise the option on any business day prior to expiration by giving notice to CME Clearing by 6:00 p.m. CT. Options that expire in-the-money are automatically exercised after 6:00 p.m. CT, into a futures position, unless specific instructions are given to CME Clearing. Exercise, whether voluntary or automatic, is determined in relation to the daily settlement price of the underlying futures price at 2:00 p.m., CT.						
<b>Block Trade Thresholds and Reporting Requirements</b>	<table> <tr> <td>RTH</td> <td>7,500+ contracts</td> </tr> <tr> <td>ETH</td> <td>3,750+ contracts</td> </tr> <tr> <td>ATH</td> <td>1,875+ contracts</td> </tr> </table> <p>Block trades executed during RTH must be reported to the Exchange by the seller within 5 minutes of transaction. Block trades executed during ETH or ATH must be reported to the Exchange by the seller within 15 minutes of transaction.</p>	RTH	7,500+ contracts	ETH	3,750+ contracts	ATH	1,875+ contracts
RTH	7,500+ contracts						
ETH	3,750+ contracts						
ATH	1,875+ contracts						
<b>Trading Hours and Venue</b>	<p><i>CME Globex:</i> 5:00 p.m. to 4:00 p.m. CT, Sun-Fri.  <i>Open Outcry:</i> 7:20 a.m. to 2:00 p.m. CT, Mon-Fri</p>						
<b>Commodity Code</b>	<p><i>CME Globex:</i> TN1 - TN5  <i>Open Outcry:</i> TN1-TN5</p>						

## Appendix D

### CBOT RULEBOOK

#### Chapter 26A

#### Standard Options on 10-Year U.S. Treasury Note Futures

##### 26A00. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on 10-Year U.S. Treasury Note futures. In addition to the rules of this chapter, transactions in such options shall be subject to the general rules of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times of day shall refer to and indicate Chicago time.

##### 26A01. OPTIONS CHARACTERISTICS

###### 26A01.A. Contract Expiration Dates and Trading Hours

Options shall be listed for expiration on such dates as may be determined by the Exchange, subject to Rules 26A01.D. and Rules 26A01.I.

Options shall be scheduled for trading during such hours as may be determined by the Exchange. Without limitation to the foregoing, markets in all standard options on 10-Year U.S. Treasury Note futures generally shall be opened or closed simultaneously.

On its last day of trading, an expiring option shall cease trading at the same time as the close of trading on that day in such option's Underlying Futures Contract (in accord with Rules 26A01.I.).

###### 26A01.B. Trading Unit

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one 10-Year U.S. Treasury Note futures contract for a given delivery month (Chapter 26).

###### 26A01.C. Minimum Fluctuations

The price of an option shall be in price points of such option's Underlying Futures Contract (Rule 26A01.D.), such that for each Underlying Futures Contract par is on the basis of 100 points, and each point is equal to \$1,000 per Underlying Futures Contract (Rule 26102.C.).

The minimum price fluctuation for such option shall be one sixty-fourth ( $1/64^{\text{th}}$ ) of one point (equal to \$15.625 per option contract), *provided that* a position in such option may be initiated or liquidated at a price per option contract ranging from \$1.00 to \$15.00, in \$1.00 increments.

Where the price of such option is quoted in volatility terms, the minimum price fluctuation shall be one tenth ( $1/10^{\text{th}}$ ) of one percent per annum (e.g., 9.9 percent, 10.0 percent, 10.1 percent, 10.2 percent).

###### 26A01.D. Underlying Futures Contracts

###### 1. Options in the March Quarterly Cycle ("Quarterly Options")

For any option for which the named month of expiration is in the March quarterly cycle (i.e., March, June, September, or December), the Underlying Futures Contract shall be 10-Year U.S. Treasury Note futures for delivery in the same month as such option's named month of expiration. For example, for a given year, 10-Year U.S. Treasury Note futures for delivery in March shall be the Underlying Futures Contract for a March option.

###### 2. Options Not in the March Quarterly Cycle ("Serial Options")

For any option for which the named month of expiration is not in the March quarterly cycle, (i.e., January, February, April, May, July, August, October, or November), the Underlying Futures Contract shall be 10-Year U.S. Treasury Note futures for delivery in the March quarterly cycle month next following such option's named month of expiration. For example, for a given year, 10-Year U.S. Treasury Note futures for delivery in March shall be the Underlying Futures Contract for a January option and for a February option.

###### 3. Weekly Options

A weekly option shall be designated to expire on a given Friday, *provided that* no weekly option shall expire on any Friday that is also the scheduled last day of trading in a quarterly option (Rule 26A01.D.1.) or a serial option (Rule 26A01.D.2.). For any weekly option, the Underlying Futures Contract shall be 10-Year U.S. Treasury Note futures for delivery in a March quarterly cycle month

following such option's date of expiration, as designated by the Exchange when such weekly option is listed for trading.

For an Underlying Futures Contract for a given delivery month, all weekly options shall expire prior to the expiration of quarterly options (Rule 26A01.D.1. and Rule 26A01.I.1.).

#### **26A01.E. Exercise Prices**

Option exercise prices shall be in terms of 10-Year U.S. Treasury Note futures price points (Rule 26102.C.) and shall be in integer multiples of one half (1/2) of one (1) point (Rule 26A01.C.).

At the commencement of trading in option contracts for a given expiration date, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the respective Underlying Futures Contract ("at-the-money price" or "ATM price"). If the previous day's Underlying Futures Contract settlement price is midway between two eligible option exercise price levels, then the ATM price shall be set as the higher of the two eligible exercise price levels. The Exchange also shall list for trading put and call options at all eligible exercise price levels in a range of 25 points above and 25 points below (i.e., 50 exercise price levels above and 50 exercise price levels below) the ATM exercise price.

Thereafter, the Exchange shall add new put and call options to ensure that such options are listed for trading at all eligible exercise prices in a range of at least 25 points above and at least 25 points below (i.e., at least 50 exercise price levels above and at least 50 exercise price levels below) the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price. New options may be listed for trading up to and including the termination of trading in such options.

Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current-range exercise price may be added, on an as-soon-as-possible basis, *provided that* the exercise price of such newly added option contract must be an integer multiple of one half (1/2) of one (1) price point (Rule 26A01.C.).

The Exchange may modify the procedure for the introduction of exercise prices as it deems appropriate.

#### **26A01.F. 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.

#### **26A01.G. Nature of Options**

The buyer of a put option may exercise such option at any time prior to expiration (subject to Rule 26A02.A.) to assume a short position in one Underlying Futures Contract (Rule 26A01.D.) at such option's exercise price (Rule 26A01.E.). Upon exercise by a put option buyer, the seller of such option shall incur the obligation to assume a long position in one Underlying Futures Contract at such option's exercise price.

The buyer of a call option may exercise such option at any time prior to expiration (subject to Rule 26A02.A.) to assume a long position in one Underlying Futures Contract (Rule 26A01.D.) at such option's exercise price (Rule 26A01.E.). Upon exercise by a call option buyer, the seller of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price.

#### **26A01.H. 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.

#### **26A01.I. Termination of Trading**

For any expiring option, if the market in such option's Underlying Futures Contract (Rule 26A01.D.) does not open on the scheduled last day of trading in such option, then the termination of trading in such option shall occur on the next following day on which the market in such option's Underlying Futures Contract is open for trading.

### 1. Quarterly Options and Serial Options

For a given expiring quarterly option contract (Rule 26A01.D.1.) or serial option contract (Rule 26A01.D.2.), if the Friday that precedes by one business day the last business day of the calendar month preceding such option's named month of expiration is not a business day, then the last day of trading shall be the first business day prior to such Friday.

Otherwise, the last day of trading in such option shall be the last Friday that precedes by at least two business days the last business day of the calendar month preceding such option's named month of expiration.

On its last day of trading, trading in such option shall terminate at the close of trading in such option's Underlying Futures Contract.

### 2. Weekly Options

For a given weekly option contract, the last day of trading shall be the Friday on which such option is designated to expire (Rule 26A01.D.3.). If such Friday is not a business day, then the last day of trading in such option shall be the business day next preceding such Friday.

On its last day of trading, trading in such option shall terminate at the close of trading in such option's Underlying Futures Contract.

#### **26A01.J. Contract Modification**

Contract terms for any option shall be fixed when such option is initially listed for trading, *provided that* any such option must conform to government regulations that are in force at such time as such option may be exercised. If the U.S. government, or an agency or duly constituted body thereof, issues an order, ruling, directive, or law inconsistent with these rules, then such order, ruling, directive, or law shall be construed to become part of the rules, and all open and new option contracts shall be subject to such order, ruling, directive, or law.

## **26A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements in Chapter 7, the following shall apply to the exercise and assignment of options.

#### **26A02.A. Exercise**

An option may be exercised by the buyer on any business day that such option is traded. To exercise such option, the Clearing member representing the option buyer shall present an exercise notice to the Clearing House by 6:00 p.m., or by such other time as the Exchange may designate, on the day of exercise.

An unexercised option shall expire at 7:00 p.m. on the last day of trading in such option (Rule 26A01.I).

An option that is in the money, and that has not been liquidated or exercised prior to its termination of trading, shall be exercised automatically upon expiration, in the absence of contrary instructions. Such contrary instructions must be delivered to the Clearing House, by the Clearing Member representing the buyer of such option, no later than 6:00 p.m. (or such other time as may be designated by the Exchange) on the last day of trading in such option (Rule 26A01.I).

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 26A01.D.) on the last day of trading in such option (Rules 26A01.I.) lies strictly above such option's exercise price, and shall be out of the money if such daily settlement price is at or below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

#### **26A02.B. Assignment**

For any given option contract, an exercise notice accepted by the Clearing House (in accord with Rule 26A02.A.) shall be assigned by the Clearing House through a process of random selection of Clearing Members carrying open short positions in such option contract. A Clearing Member to whom such exercise notice has been assigned shall be notified thereof as soon as practicable following such assignment.

The Clearing Member to whom such exercise notice has been assigned shall be assigned a short position in such option's Underlying Futures Contract (Rules 26A01.D.) if such option is a call, or a long position in such option's Underlying Futures Contract if such option is a put. The Clearing Member representing the option buyer making exercise shall be assigned a long position in such option's

Underlying Futures Contract if such option is a call, or a short position in such option's Underlying Futures Contract if such option is a put.

Such futures positions shall be assigned at a price equal to the exercise price of such option contract, and shall be marked to market (in accordance with Rule 814) on the day on which the Clearing House accepts such exercise notice.

**26A03. [RESERVED]**

**26A04. CORRECTIONS TO OPTIONS EXERCISES**

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after 6:00 p.m. and no later than 7:00 p.m. (in accord with Rule 26A02.A.), provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) un-reconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the Clearing Member and customer are unable to communicate final option exercise instructions prior to 6:00 p.m. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

**26A05. PAYMENT OF OPTION PREMIUM**

In respect of the purchase of an option, the corresponding option premium shall be paid in full to the Clearing House by the option purchaser's Clearing Member, and shall be paid in full to the option purchaser's futures commission merchant by the option purchaser, at the time that such option is purchased, or within a reasonable time after such option is purchased.



## Appendix E

### CBOT RULEBOOK

#### Chapter 26B

#### Flexible Options on 10-Year U.S. Treasury Note Futures

##### **26B00. SCOPE OF CHAPTER**

This chapter is limited in application to Flexible put and call options on the 10-Year U.S. Treasury Note futures contract. In addition to the rules of this chapter, transactions in options on 10-Year U.S. Treasury Note futures shall be subject to the general rules of the Exchange insofar as applicable.

##### **26B01. OPTIONS CHARACTERISTICS**

###### **26B01.A. Contract Months**

Trading may be conducted in flexible options in any month up through the most distant underlying futures contract listed for trading.

The underlying futures contract for a flexible option shall be the same as the underlying futures contract month of the nearest quarterly cycle standard futures option expiring on or after the expiration of the flexible option.

###### **26B01.B. Trading Unit**

The minimum size for requesting a quote and/or trading in a flexible option series is 50 contracts, where each contract represents one of the underlying futures contracts at the Exchange. Parties may request a quote for, and/or trade, less than 50 contracts in order to entirely close out a position in a flexible series.

For a flexible options series, respondents to a request for quote must be willing to trade at least 50 contracts, with the exception that a respondent may trade less than 50 contracts if the respondent is entirely closing out a position in the series.

###### **26B01.C. Minimum Fluctuations**

The premium for flexible options on 10-Year U.S. Treasury Note futures shall be in multiples of one sixty-fourth ( $1/64$ ) of one percent (1%) of a \$100,000 10-Year U.S. Treasury Note futures contract which shall equal \$15.625 per  $1/64$  and \$1,000 per full point.

However, a position may be initiated or liquidated in 10-Year U.S. Treasury Note Flexible futures options at a premium ranging from \$1.00 to \$15.00, in \$1.00 increments per option contract.

If options are quoted in volatility terms, the minimum fluctuation shall be .10 percent (i.e. -10.0%, 10.1%, 10.2%, etc.).

###### **26B01.D. Trading Hours**

The hours of trading for flexible options on 10-Year U.S. Treasury Note futures contracts shall be determined by the Exchange.

On the last day of trading in an expiring option, the expiring option shall cease trading at the time of the close of the open outcry trading session for the underlying 10-Year U.S. Treasury Note futures contract.

###### **26B01.E. Exercise Prices**

Strike prices for flexible options must be specified in points and 32nds of points per 10-Year U.S. Treasury Note futures contract. However, strike prices may be specified in  $1/32$ nd point increments relative to the underlying futures contract. Strike prices cannot be outside the range of the currently listed strike prices for standard options.

###### **26B01.F. Expiration Date**

Flexible option expiration may be specified for any Monday through Friday that is not an Exchange holiday except that expiration may not occur following the last Friday that precedes by at least two business days the last business day of the calendar month preceding the underlying futures contract month. Flexible options expire at 7:00 p.m. on the last trading day.

However, options which meet the criteria given in the second paragraph of Flexible Option Rule 26B01.G. will follow expiration and exercise procedures as specified in the standard option rules.

#### **26B01.G. Nature of Flexible Options on 10-Year U.S. Treasury Note Futures**

Flexible options on 10-Year U.S. Treasury Note futures shall be permitted in puts and calls which do not have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options.

However, Flexible Options on 10-Year U.S. Treasury Note futures shall also be permitted in puts and calls which have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options that are not at the time listed for trading in the standard options pit or on the Exchange's electronic trading system. All Flexible Option rules except as specified in Rules 26B01.F., 26B01.I., and 26B02.A. will apply to the options described in this paragraph. Once and if these options are listed for trading as standard options, they will be traded subject to standard options trading requirements. Upon such listing, all existing open positions established under flexible options trading procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these rules.

Trading shall be permitted in any recognized option/option or option/futures spread involving puts, calls or futures.

#### **26B01.H. Exercise Style**

Flexible options may be American or European exercise style.

#### **26B01.I. Termination of Trading**

The last day of trading in a flexible option shall be the expiration day.

However, options which meet the criteria given in the second paragraph of Flexible Option on 10-Year U.S. Treasury Note Futures Rule 26B01.G will follow the expiration and exercise procedures as specified in the standard option rules.

#### **26B01.J. Contract Modification**

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling, directive, or law shall be construed to become part of the rules and all open and new options contracts shall be subject to such government orders.

#### **26B01.K. 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.

#### **26B01.L. 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.

### **26B02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise and assignment of Flexible 10-Year U.S. Treasury Note options.

#### **26B02.A. Exercise of Option**

After the close on the last day of trading, all in-the-money flexible options will be automatically exercised unless notice to cancel automatic exercise is given to the Clearing House by 5:00 p.m., or by such other time designated by the Exchange, on that day.

Notification of the intent to exercise a flexible option must be received by the Clearing House by 5:00 p.m., or by such other time designated by the Exchange. No exceptions to the 5:00 p.m. exercise deadline, or such other deadline designated by the Exchange, shall be permitted.

However, options which meet the criteria given in the second paragraph of Flexible Option Rule 26B01.G. will follow expiration and exercise procedures as specified in the standard option rules.

**26B02.B. Assignment**

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to Clearing Members' open short positions in the same series. A Clearing Member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House.

The Clearing Member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The Clearing Member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the Exercise Notice.

**26B03. [RESERVED]**

**26B04. [RESERVED]**

**26B05. INITIATING A FLEXIBLE OPTION CONTRACT SERIES**

The opening of trading in any flexible option series shall occur through the submission of an RFQ or at such time that a trade takes place in the particular flexible option series. If so desired, participants can submit additional RFQs for any open series. However, in this situation no priority period (Rule 26B06.) will exist.

**26B06. RFQ TRADING INTERVAL**

If the submitter of the first RFQ of the day in a flexible series requests either a bid or an offer, but not both, then he shall have up to a one minute priority period during which he shall have the sole right to either buy or sell as specified in his RFQ. The length of the priority period shall be determined by the Exchange.

If more than one RFQ is the first RFQ of the day in a flexible series, all the RFQs individually ask for either a bid or an offer, but not both, and all the RFQs collectively are for the same side of the market (all bids or all offers) then the submitters shall jointly share priority during the period.

Priority for RFQs is determined by submission to the RFQ official, except that all RFQs submitted before the open shall be treated equally.

**26B07. EXPIRATION OF AN RFQ**

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session. Trading in a given flexible option series following a transaction in that series shall remain open through the remainder of the trading session in which the transaction was executed and through each subsequent session in which there is open interest in the flexible option series.

**26B08. REPORTING OF FLEXIBLE OPTIONS TRADES**

It shall be the responsibility of the participants in a flexible option trade to promptly report the quantities and prices to the flexible option pit reporter.

## **Appendix F**

### **CBOT Rulebook Chapter 5: Position Limits and Reportable Levels Table**

(attached under separate cover)

## Appendix G

### CBOT Rulebook Chapter 588.H. Globex Non-Reviewable Trading Ranges

Instrument	Bid/Ask Reasonability	Non-Reviewable Range (NRR)
Options on 10-Year U.S. Treasury Note Futures	The greater of the delta times 10/64ths or 20% of the fair value premium up to 10/64ths with a minimum reasonability of 2/64ths	The greater of the delta times 10/64ths or 20% of premium up to 2/64ths with a minimum of 1 tick
U.S. Treasury Futures (CBOT)	CME Globex Symbol	CME Globex Non-Reviewable Ranges (NRR)
10-Year Treasury Note Futures	TN	20/32 of 1 point (\$1,000)
		NRR: CME Globex Format
		NRR: Ticks
		0.6250
		40

## Appendix H

### CBOT Rulebook Chapter 589. Special Price Fluctuation Limits

Product	Rulebook Chapter	Commodity Code	Primary/Associated	Associated With	Base in Real Economic Value	Level
<u>10-Year U.S. Treasury Note Futures</u>	<u>26</u>	<u>TN</u>	<u>Associated</u>	<u>ZN</u>		
<u>Options on 10-Year U.S. Treasury Note Futures</u>	<u>26A</u>	<u>OTN</u>	<u>Associated</u>	<u>OZN</u>		

## Appendix I

### CBOT Fee Schedule 10-Year U.S. Treasury Note Futures and Options

Level	Account Owner	Execution Type	Platform	Execution	Clearing	All-In	
<b>Individual Member</b>							
1	Individual Members	Member Trading Own Account	Open Outcry	\$0.06	\$0.06	\$0.12	
			CME Globex	\$0.06	\$0.06	\$0.12	
	Individual Delegates	Delegate Trading Own Account	Open Outcry	\$0.20	\$0.06	\$0.26	
			CME Globex	\$0.20	\$0.06	\$0.26	
<b>Equity Members (Individual Equity members, Clearing Firms and Equity Firms)</b>							
2	Equity Members	Member or Delegate	Open Outcry	\$0.06	\$0.06	\$0.12	
			CME Globex	\$0.06	\$0.06	\$0.12	
	Equity Members	Non Member	Open Outcry	\$0.06	\$0.06	\$0.12	
			CME Globex	\$0.15	\$0.06	\$0.21	
	(Exception) Rule 106.S. Family of Funds Equity Member Firms	Member, Delegate or Non Member	Open Outcry	\$0.06	\$0.06	\$0.12	
			CME Globex	\$0.15	\$0.06	\$0.21	
<b>Trading Members (Individual Non-Equity Members and Non-Equity Member Firms)</b>							
3	Individual Non-Equity Members (other memb /delegate executing); Rule 106.H. Corporate Trading Firms; Rule 106.H. Trading FCMs; & Rule 106.I. Affiliate Trading Member Firms		Open Outcry	\$0.20	\$0.06	\$0.26	
			CME Globex	\$0.25	\$0.06	\$0.31	
	Individual Delegates (Other Member or Delegate executing the trade) & Rule 106.I. Affiliate Trading Member Firms		Open Outcry	\$0.35	\$0.06	\$0.41	
			CME Globex	\$0.38	\$0.06	\$0.44	
	Rule 106.S. Family of Funds Equity Member Firms		Open Outcry	\$0.20	\$0.06	\$0.26	
			CME Globex	\$0.25	\$0.06	\$0.31	
<b>Electronic Corporate Member Firms</b>							
4	Electronic Corporate Members		CME Globex	\$0.38	\$0.06	\$0.44	
<b>Non Members</b>							
5	Non Members		Fut	Open Outcry	\$0.40	\$0.06	\$0.46
				CME Globex	\$0.69	\$0.06	\$0.75
			Opt	Open Outcry	\$0.59	\$0.06	\$0.65
				CME Globex	\$0.75	\$0.06	\$0.81

Other CBOT Processing Fees	Rate
Ex-Pit Surcharges –EFPs, EFRs, Block and Block Spread	\$0.75
Exchange Fees for Non Trades	\$0.05/\$0.20/\$0.50
Brokerage Fees – with discretion	\$0.00/\$0.15

Brokerage Fees – without discretion	\$0.04/\$0.17
Clearing Fees	\$0.06
Facilitation Fee	\$0.40
Position Adjustments /Position Transfers	\$0.10
Exercise/Assignment Surcharge	\$0.05
Expired Options	\$0.05
Future from Exercise and Assignment Surcharge	\$0.05